


The Theory and Practice of Institutional Transplantation

Experiences with the Transfer of
Policy Institutions

edited by

Martin De Jong, Konstantinos Lalenis
and Virginie Mamadouh





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The Theory and Practice of Institutional Transplantation

Practice of Institutional Transplantation

Excerpts from the book

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The Theory and Practice of Institutional Transplantation

Experiences with the Transfer of Policy Institutions

edited by

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PREFACE

Inevitably, at a panel discussion not too long ago comparing planning cultures the discussion turned on the issue of globalisation. As a member of the panel, this author asked those in the audience who lived and/or worked in a country different from their country of origin to raise their hands. About half of the audience of well over one hundred academic teachers and researchers from all corners of the world, the present author included did so. Next he asked who had a spouse or partner from a country different from their country of origin to also raise their hands. About half of the audience, the present author included, raised their hands. This is the soft side of globalisation.

The soft side of globalisation is important. Exchanges, personal mobility, international romances, multi-culturalism and multi-lingualism (inevitably meaning non-native speakers struggling to keep up with native English speakers) are part of the academic scene, so much so that we can hardly imagine it to be otherwise. These are not entirely new phenomena, but they have become ever more prominent, relying on an ever more elaborate institutional infrastructure of exchange programmes, international journals, associations and the global conference industry.

It was at the AESOP (Association of European Schools of Planning) congress at Brno in the Czech Republic in July 2000 that the plan for this book was hatched. Martin De Jong gave a paper there and introduced the concept of 'institutional transplantation'. It struck a familiar chord with participants of the transnational planning track, familiar as they were with the problems of learning to know other countries, their planning systems and the context in which planning operates. Indeed, the problem of transplantation is universal in attempts to compare, evaluate and on that basis to intervene in administrative systems and policies.

In the same transnational track at Brno, Konstantinos Lalenis spoke of the successive waves of foreign institutional implants in Greece, where local government reform took a leaf out of the book of the French and, to a lesser extent, of the Germans. This was all to the best. A regular feature of AESOP conferences, the transnational planning track, co-chaired with enthusiasm by the present author, seeks to promote understanding of the issues involved. Obviously, what organisers of such a track hope for is that this goes beyond interesting intellectual exchanges and culminates in joint research. This is what has happened, with Martin and Kostas finding out that they not only could see eye to eye, but could also find the energy to embark on a joint project in this area of mutual interest of theirs. Virginie Mamadouh, a French political geographer working in Amsterdam, joined them later when the project expanded beyond the field of spatial planning.

Whoever is involved in transnational policy-making, or indeed in any kind of international collaboration, immediately comes up against the divergence between cultures. On a trivial level, as participants of international meetings are only too aware, styles of presentation, the length of time that speakers are expecting to be allowed to speak, the authority assumed by chairs, the modalities of discussion, contacts during coffee breaks, they all vary from culture to culture. For participants

of meetings, these may be fleeting impressions. For people working abroad and more generally for those in the business of institutional transplantation, be it as consultants or as researchers, sensitivity to differences of culture become of the essence of their effectiveness.

The literature in political science and planning has been greatly stimulated by reflection on the importance of administrative culture and by the constraints that it puts on any transfer of experiences or, as the authors of this volume have it, institutional transplantation. This has been the experience of Western experts going out on missions to the developing world. Their analyses were not always couched in terms of culture, but rather in terms of the decision, or the 'environment' and its impact on policy-making, and on how sensitivity to the context formed a precondition of applying their skills. Such experiences were an important stimulant for developing planning theory, which is largely about how the conduct of planning is influenced by its object and, importantly, by its context.

These days, with European integration an increasingly dominant aspect of our daily life and work experience, Europe provides an increasingly fertile ground for comparisons, with cultural variables once again amongst the factors that draw attention. As European integration progresses, transnational planning becomes a boom industry. The interaction of planners from various countries provides incentives for more comparative research and/or arenas for institutional transplantation. This is even more so where the formulation for common frameworks and policies in the European arena is concerned. Decision-making on the Council of Ministers and in the many committees operating in the backrooms of European integration involves representatives of EU member states entering into protracted negotiations. Their efforts to minimize the costs of integration and maximize the benefits that accrue to each lead to 'regulative competition'. However, in due course, as ideas and practices rub off on each other, creative syntheses emerge. Although only few of the case studies directly applied the concept of institutional transplantation to European integration, the concept is relevant to increasing our understanding, not only of bilateral, but of multi-lateral transfers as well. This makes this book all the more important.

Andreas Faludi
University of Nijmegen
August 2002

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Most academic books seem to be produced in lonely and exotic places, without students, without management tasks and with palm trees waving at the back. The lion's part of this book was produced at the regular workplace, during summer months, but inside university buildings. Students shuffled around, patiently. Management tasks were almost neglected and local trees provided the fresh air. In fact, two of the co-editors not only worked in separate places; they have not even met, ever. It is a mystery how a book can have the pretension of being so international when the authors spent most of them writing it at home.

We would like to express our gratitude to the people who made this book possible. First of all, to the invited authors, who enriched and substantiated our theoretical argument. Second, to our colleagues at the Section of Public Management, Delft University of Technology; the Department of Planning and Regional Development, University of Thessaly; and the Department of Geography and Planning, University of Amsterdam. Third, to Andreas Faludi, for writing the preface of our book. Fourth, to Max Barlow, series editor of GeoJournal Library Series, for his support, and to the editorial team at Kluwer. Fifth, to the people supporting us in any logistical sense: Nathan Bowden, Miranda Aldham-Breary and Robyn Kane (for correcting our English texts), Annet Schepman and Ria van der Helm (for checking consistency in the text and references) and Kyrasia Printzos (for designing the front cover).

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The editors

September 2002

VIRGINIE MAMADOUH, MARTIN DE JONG
& KONSTANTINOS LALENIS

AN INTRODUCTION TO INSTITUTIONAL TRANSPLANTATION

Frame 1: Al-Jazeera, 'the CNN of the Arab World'

In the aftermath of 11 September, Western television publics got to know Al-Jazeera, a satellite television channel based in Doha, Qatar, because national and international television stations broadcasted exclusive images from this Arab channel. It was the only channel with an office in Taliban's Kabul and it took delivery of several video statements by America's most wanted: Osama bin Laden. Long before the attacks on the twin towers of New York's World Trade Center, Al-Jazeera was already famous under the Arab public and students of the Arab World. It owed its reputation to its editorial freedom and its legendary controversial broadcasts, a unique phenomenon in the media landscape of the Arab World. National (state) channels and other pan-Arab (private) channels hardly meet free press criteria. News and politics are reduced to propaganda broadcasts for those in power. In contrast to these practices, Al-Jazeera gives a voice to opponents to the regimes in power and organise round tables and public debates. It is often called 'The Arabic CNN' to underline that Al-Jazeera and CNN share common characteristics: an international audience (although through a different world language, but Al-Jazeera's global audience includes the Arabic speaking diasporas in Europe and North America), a reputation established by the news coverage of a war (the 1991 Gulf War for CNN, the 2001 Afghanistan War for Al-Jazeera) and last but not least similarities in form and presentation. However, if Al-Jazeera can be described as the Arab CNN, the reverse (CNN as the American Al-Jazeera) is not true. This is because CNN has been a model for Al-Jazeera', for example one of the most popular shows 'The opposite direction' was modelled after 'Crossfire', and not the other way around¹.

The Arab channel was created in November 1996 when the emir of Qatar, Hamid bin Khalifa al-Thani, who had overthrown his father with a palace coup the year before to establish democracy from above in his small country, hired most of the former BBC Arabic News Service's editors, reporters and technicians to establish Al-Jazeera in Doha. The BBC, long famed for its Arabic language radio broadcasts, had previously signed a deal with the Saudi-owned Orbit Communications to provide Arabic

language television newscasts for their Middle East channel. The Saudis did not accept the editorial independence claimed by the BBC staff and they pulled out of the deal after the broadcasting of an unwelcome documentary on Saudi-Arabia. As a result, the staff of the Arabic services was laid off (Burns, 1999; Hirst, 2000; Moran, 2001). The Emir of Qatar took over the services but also decided to transplant the redaction to Qatar.

Five years later Al-Jazeera has grown to a 24 hours news channel run by a multinational team from all over the Arab World, with 600 staff from 25 nationalities, 35 permanent correspondents and 27 agencies (Dross, & Ibrahim, 2001). It is characterised as provocative (Abu-Fadil, 1999), the 'most freewheeling station of the Arab World' (Anon., 1999), a 'caso unico di liberta d'informazione' (Adly, 2001), 'l'exception (...) un phénomène médiatique arabe sans précédent' (Dross, & Ibrahim, 2001) that has 'created a revolution in Arab news media and public opinion, emerging as the first independent, professional, pan-Arab news outlet' (Abunimah, & Ibish, 2001), and represents 'a quantum leap forward for unfettered journalism in the Arab World' (Waxman, 2001). It has achieved 'world recognition' (Leiva, 2001) and 'a loyal audience of 40 millions from Washington to Tehran' (Reeves, 2001) explained by the professionalism of the staff (Anon., 1999) and the mediocrity of the alternatives (Ayad, 2001). In other words, 'the tiny sheikhdom of Qatar is now producing a commodity much in demand in the Arab world: freedom' (Ya'ari, 2000) resulting in a series of controversial but influential interviews and roundtables.

While the public seems to appreciate it, Arab regimes hate it. These regimes still don't understand free press, as shown by the numerous official complaints from other Arab states (400 according to Gambill, 2000) filed to Qatar's government, which claims not to control the channel, and the recall of several ambassadors (Shihab, 2001).² States also closed down local agencies (for example Cairo in 1997 and Ramallah in 2001, Dross, & Ibrahim, 2001). Algeria even organised an electricity breakdown to prevent Algerians from seeing a broadcast (Hirst, 2000). To which degree Al-Jazeera meets the standards of a free and objective press remains a much-debated issue (for example Ajami, 2001; Alaff, 2001; Young, 2001; or Waxman, 2001). Issues shift from the matter of state censorship to partisanship in international issues such as the Israeli-Palestinian conflict and anti-Americanism, and the same is true of its eventual impact on the democratisation of Arab countries (cf. Ayad, 2000).

1. BORROWING INSTITUTIONS

The creation of Al-Jazeera is a great example of an institutional transplantation (see Frame 1): that of free press conventions. Organisational models, broadcast formats, editorial styles, procedures, norms and values were transplanted to Doha, Qatar, together with a core staff formed by the former Arabic television department of the

BBC. There were actually two donors: the British school of journalism of the BBC World Services and the American school of CNN International, the first global news channel which is based in Atlanta, Georgia. As in all cases of transplantations, one may wonder whether the transplant has met the expectations of the initiators.³ How has the Anglo-Saxon model of journalism been implemented? How did it develop in a new societal context? Do the effects and impacts on the host society match with the original objectives of initiators and implementers?

This book deals with institutional transplantations in many domains and in many parts of the world. It explores the borrowing of political institutions, business fashions, management practices and policies from one country to the other. Globalisation impacts on these international borrowings. The speed to which information and experiences are exchanged, ease the process of awareness and emulation of foreign institutions. This is often in a context of a hype and without clear reflection of the possible structural and cultural consequences in the host country.

The present chapter introduces institutional transplantation in a historical perspective before presenting an outline of the book. First, we need to reassess that transplantation is no new phenomenon, although it has clearly changed over time. In the past, institutional transplantation was often imposed on conquered territories and populations. With the democratisation of existing states and the creation of new states in the process of decolonisation of the non-European world, institutional borrowing is more and more often set into motion by the people in the host society. More recently transplants from one model country to countries in need of a model (less developed countries?) have been replaced by multilateral operations in which countries borrow policies from each other in a more *ad hoc* manner and within in multilateral learning settings. These types of borrowing coexist. Coercion occurs when developing countries feel forced by international agencies, such as the IMF and the World Bank, to comply with prescribed economic and financial institutions. Certain institutions are given as models in the media and the professional literature (e.g., the Swedish welfare state, the British privatisations). Exchanges are stimulated by global networks such as the World Economic Forum, the G8 and by regional cooperation (European Union, ASEAN and the like).

1.1 Institutions, innovation and transplantation

Institution is one of these key concepts that pay their popularity with fuzziness. Despite the variety and vagueness of the concept (see for an overview Hendriks, 1996, pp. 89-132), institutions are generally seen as stable patterns in social interactions. Institutions are the rules of the game that structure action and signal rational behaviour (North, 1990). These conventions are sometime enforced by coercion but even more effectively by conviction, that is: a worldview that justifies the institution (Douglas, 1987).

If institutions stand for stability and predictability, social change needs to be explained. Institutions can be transformed during an incremental process of change, but radical adjustments and reforms are common too. The transition to new

institutions is often a traumatic affair. Considering the democratic transition in Latin America, Grindle (2000) speaks of 'audacious reforms', but most authors stress the path dependency of the creation of new institutions, their embeddedness in their societal context, even when reform occurs in such a critical juncture. The choice of new institutions during democratic transitions is a much-studied process (for example Lijphart & Waisman, 1996, for a comparison between experiences in Eastern Europe and Latin America with the choice of political institutions: presidentialism vs. parliamentarism and majoritarian vs. proportional electoral systems).

New institutions can be negotiated by numerous societal actors or imposed on society by a powerful or even an external party. Innovations are generally not utopias that emerge out of the blue. More often than not, reforms are inspired by experiences in other places: institutions are borrowed from somewhere else. The terms 'transplant' and 'transplantation' have been used earlier to describe these borrowings and the process itself, especially in the field of comparative law, e.g. *legal transplants*, as pioneered by Alan Watson in his book (1974, 1993 for the second edition). De Jong applied it to a broader context in the field of policy analysis (1999).⁴

It should be underlined here that laws and legal norms are certainly not the only kind of institutions eligible for transplantation, as this applies to formal regulations, organisational procedures (including procedures to implement reform!), informal codes, and roles. Accordingly, state legislatures are not the only societal actors to transplant institutions. Other organisations and collective actors, such as supranational agencies, subnational governments, administrative bodies, business firms, non-governmental organisations, political parties and media companies, do it as well.

Why transplant institutions from one place to another? The motives of the 'transplanters' may be very diverse, but the general idea is to bring improvements to the host society. Borrowing successful institutions from somewhere else is seen as a means to speed up development or achieve it at lower costs. Imperial powers also use new, imported institutions to break local resistance, but they are generally also convinced of bringing progress, if not 'civilisation', to the host society. When the borrowing is locally induced, this sense of acquiring progress is even stronger. Borrowing institutions from a successful country (success being measured in terms of military power, economic prosperity or cultural *rayonnement*) is seen as a means to share in that success. As for pooling best practices, it is seen as a strategy to lower the cost of innovation and to speed up its diffusion. At any event, transplantation is seen as less costly and more likely to succeed than innovation proper. This applies to both substantive and procedural arguments. Existing institutions have proven themselves (even if it was in a different societal context) and it is easier to convince those reluctant to change, by pointing to these results, than by arguing about completely original ideas.

Last but not least, the question is whether institutional transplantations work. Do they indeed bring what the initiators and the adapters expect from them? The term 'transplantation' is a body analogy that underlines the danger of such undertaking. Surgical transplantations often fail because the host body rejects the new organ or

new blood. The term points to the need to care for the compatibility of the transplant with the new host. Still, body analogies are of limited value. Unlike the Al-Jazeera case, most institutional transplants hardly involve the physical removal of persons and organisations from the donor society to the host one. It is more often a story of imitation and emulation. In addition, the borrowed institutions are much more malleable than organs; they can be transformed to fit the local circumstances. Nevertheless, institutional transplants are often hasty and messy. A careful analysis of the relation between the goals of the transplantation and the actual institution transplanted is lacking. The compatibility between the transplanted institution and the existing ones is not anticipated properly, if at all, resulting in conflicts during implementation, resistance and rejection, and unexpected effects. As a result, institutional transplantations are often perceived as failed attempts to reproduce the original model, even if they were a significant step in the right direction in the search of a better and more efficient institutional system.

1.2 Institutional borrowing in historical perspective

Institutional diffusion is evidently an old phenomenon. Institutions spread from core regions into larger areas. This is especially easy to document for material culture and technologies such as agriculture, script or currencies, but this applies also to languages, religions, ideologies and policies.

Political institutions have often been diffused through the imposition of new instruments of governance on newly conquered regions. Among many other things, the Roman Empire has brought its law system to the provinces it has conquered. Accordingly Napoleon's campaigns brought his (Roman based!) law code and institutions, such as family name, street names and street numbers, inheritance system etc. to conquered territories in Europe. Imperial powers have introduced European political institutions on the other continents of the world.

But the forced conversion to foreign institutions is not the only, and maybe not even the most common mode of institutional diffusion. The most likely process is that of imitation, willingly and voluntarily, of institutions perceived as successful and powerful. The Romans borrowed much from the Greeks whom they had conquered, such as their language and philosophy.

1.2.1 Hegemony and emulation

In his analysis of modernity, grounded in Wallerstein's world system analysis (1979, 1984), the British political geographer Peter J. Taylor shows how emulation is a fundamental mechanism of modernity. In *The Way the Modern World Works*, a book published in 1996, he examines these processes. The key concept in his analysis is hegemony, a concept borrowed from the Italian communist theorist Antonio Gramsci. While Gramsci was addressing relations between social classes – he was fascinated by the fact that people could support ideology that was evidently contradictory to their interests. He used the world hegemony to describe the

predominant role of a class, the ruling class or, more justly said, the class whose ideas were ruling.

World system analysis posits the existence of a new world system, the world economy that emerged during the 15th century, if we take the 'discovery' of the Americas (1492) and the Treaty of Westphalia (1648) as a starting point. The approach contends that based on innovations relevant to the evolution of the capitalist mode of production, there have been three periods of hegemony in the world economy. The first hegemon was the United Provinces (e.g. the Netherlands) in the 17th century, the second the United Kingdom in the 19th century, and the third the United States in the 20th century. Each time, hegemony was based on a new productive system, an innovation that brought about the economic advancement of the hegemon: capitalist trade for the Dutch, industrial production for the British, and mass consumption for the Americans. However, hegemony prompts emulation. The hegemon is soon copied by states that aspire to more power and therefore want to bridge the gap and catch up to the hegemon. The other European states introduced mercantilism to follow the Dutch, state capitalism to chase the British and welfare arrangements to keep up with the Americans.

Taylor also shows that the hegemonic cycle is not limited to the economic domain. Hegemons were also innovative in the cultural domain (paintings for the Dutch, novels for the British and movies for the Americans) where they were much appreciated and abundantly copied. At the time, the United Provinces, respectively Kingdom and States were 'laboratories of modernity'; and visiting Amsterdam, respectively Manchester or New York, was a visit to the future (Taylor, 1996, see also 1999).

1.2.2 Borrowing political institutions and policies – models and their followers

There is no need to accept world system analysis or to stick to the hegemons acknowledged by Taylor to observe institutional transplantations. In international relations, hegemony is used to characterise relations between states when one state is clearly predominant and it is more common that these three special cases. Borrowing institutions is more widespread than that, anyway. Still, some countries served more often than others as models, and others seem to be more prone to borrow institutions than others. When it comes to political institutions and policies, two donor countries are most influential: England (with its parliamentary institutions 'Westminster as the mother of all parliaments') and France (with its revolutionary institutions and its administration 'the République as the home of human rights'). It is related to their political innovations, their imperial adventures (the British Empire once encompassed a quarter of the inhabited world) and their prominent role in European interstate relations. Germany has been a model too (think of social security arrangements). There are many less famous but no less influential models. For example compulsory conscription originates from the King of Sweden because he dramatically needed to enlarge its army and had no money to recruit additional soldiers, a model that has been adopted (for shorter or longer periods of time) by all nation-states, military duty being then socially (re-)constructed as a fundamental

feature of citizenship. Likewise shifts are sometimes caused by distorted perception of the chosen model. Montesquieu's derived his model of separation of powers from a twisted interpretation of the English system, but the model was no less influential, even after the misunderstandings were acknowledged. In addition, the ambiguities of cross-linguistic and cross-cultural communication between donor and host may even ease the acceptance of the transplant.⁵

1.2.3 Globalisation and institutional exchanges

Globalisation, e.g. the intensification of international and transnational exchanges, seems to stimulate institutional transplantation. There are more opportunities to look out for performing institutions and promising policy solutions in other countries. (New) information and communication technologies ease the exchange of information of innovation in different places in the world as well as exchange of staff and expertise. In addition, globalisation also boosts the need to improve local conditions to compete in global markets. Interaction and comparison stimulate emulation, but it is also directly encouraged by international agencies such as the International Monetary Fund (IMF), the World Bank or the World Trade Organisation (WTO) to be accepted in the world stage as a legitimate partner.

The time space compression that is associated to globalisation (Harvey, 1990), means that institutional transplantations occur at increasing speed over greater distances. Accordingly, institutional transplantations are often more hasty than in previous periods. Institutions are transplanted long before they have proved themselves. In addition, the (physical and social) distances between donor and host societies increase, and with it, the likelihood of adjustment problems and incompatibility.

Finally, globalisation erodes hierarchical relations between dominant powers and lesser ones, making transplantation between countries of similar status possible. While during the first period after decolonisation former colonies were looking at their former mother country for inspiration, the new information and communication technologies make exchanges between countries sharing similar problems easier. Instead of borrowing readymade, but probably unfit, institutions from the former mother countries, they are more likely to pool out their experiences and their expertises to identify and develop best practices. This applies also to smaller western countries that need not copy France, Britain or the US any more, or to countries of the former Socialist bloc.

2. THE STRUCTURE OF THE BOOK

The book discusses theories and practices of institutional transplantations. Key concepts and theoretical issues are presented in Part 1. Part 2, 3 and 4 present a wide collection of case studies of institutional transplantation in various domains of social life, ranging from education to urban planning, from democratic representation to privatisation. The transplants were adopted and implemented by a diverse set of actors including national or local governments, administrative bodies and agencies

at the supranational, national and local levels, schools and housing associations. The authors of the case studies represent many disciplines, including policy analysis, spatial planning, geography and political science, and many countries in and outside Europe.

The case reports are ranked according to the donor of the transplant under review. Part 2 presents case studies of institutions borrowed from France or another country of continental Europe (Germany, the Netherlands). Part 3 features case studies of institutions borrowed from the United Kingdom and/or the United States. Part 4 includes case studies where the transplant results from borrowing from multiple donors.

2.1 General issues

Chapter 2 deals with the key concepts offered in the relatively dispersed literature on the subject, such as legal transplantation, institutional transplantation, lesson drawing and policy transfer. It presents two perspectives of how the transplantation process occurs and what is crucial to its success. The first, the 'actors pulling in' argument, considers practical and administrative ad hoc considerations more important. This perspective does not pay much attention to issues of congruence. The second perspective, which is the 'goodness of fit' argument, takes political, legal and cultural affinities and similarities between the donor and host nations into account. Congruence is considered decisive in understanding the extent to which transplantation is possible.

Chapter 3 examines the concept 'families of nations', which refers to the extent to which countries are politically, legally, and culturally similar. Belonging to one and the same family or at least having many comparative characteristics is highly relevant to the 'goodness of fit' perspective, while having only little relevance to the 'pulling in' approach. This chapter shows the state of the art on what the concept 'families of nations' implies, which families can actually be distinguished and what hybridity means in this regard.

2.2 Transplants from continental Europe

Part 2 features five case reports addressing road construction, local government, retail planning, primary education and representative democracy, with France, the Netherlands and Germany as donors.

Chapter 4 deals with an old transplant: the Dutch authority for road and waterway construction and management, *Rijkswaterstaat*, that was introduced under the French occupation around 1800, as a carbon copy of the French *Direction des Pont et Chaussées*. All basic elements such as unitary state, professionalism, authority associated with the French institutional system, slid into this part of the Dutch practice and were generally seen at that time as modernisation. Since then, however, not much has changed in the Dutch structure, whereas the French have already reformed their system drastically. Martin De Jong evaluates the position of this French historical transplant in the world of Dutch policy-making and

infrastructure investment nowadays and the consequences of this historical 'lock-in'. The chapter ends with the current debate on liberalisation issues in utility sectors and why the French-style starting position for *Rijkswaterstaat* (known as 'the State within a State') now makes reform in a Scandinavian or Anglo-Saxon direction much more difficult than one might expect. This done by comparing Dutch society to Scandinavian or Anglo-Saxon ones.

The second study deals with the influence of French transplants on the evolution of the Greek local administration. Konstantinos Lalenis describes how Greece, which sees itself as the 'donor of all donors' and as 'the cradle of democracy', has since its independence, heavily relied on foreign transplants, mainly in public administration, the legal system, and spatial planning. Local administration has been the sector in which the most durable examples of trans-temporal institutional transplantation were recorded, where the donor, the type of transplant, and the receiver remained the same for a little less than two centuries. French influence has been high in Greece, due to the spirit of the revolution of 1789, which also inspired Greek revolution against the Ottoman Empire. The traditional alliance and cooperation between the two countries and – most importantly – the fact that both had very centralised administrative systems, led to the adoption of a French system of local administration in 1828. Since then, the evolution of local administration in Greece went through many phases and many changes, but in its main structure and objectives it was always imitating France, with a time lapse of ten to fifteen years. In the long period during which institutional transplantation of policies and practices in local administration from France to Greece has been going on, the interrelation of conditions of transplantation with historic events, and the dependence of outcomes on particular socio-political characteristics in France and Greece, provide a valuable insight of the phenomenon.

France is also the donor in chapter 6 that covers a shorter period of time, addressing planning issues regarding a more recent phenomenon: large-scale retailing. Countries where large-scale retailing has seen an explosion, such as France since the early 1970s, have become at the same time exporters of the retail formulas of success and solutions from the regulatory side. Rather commonly, others decide to adapt French institutions and techniques without testing if, as host systems, they are capable of acquiring the desired innovation or whether such introduction could generate an unwanted situation. Luis Arribas deals with Spanish planning policies regarding large-scale retailing. French and Spanish planning systems are, initially, similar in its voluntarism: public economic planning is assumed as the basis of a consensus. Both countries comprise certain common behaviour and heritage in politics, planning and treatment of property rights. Does it mean that similar policies, introduced to steer relations between similar actors, produce coherent results? The analysis of deeper patterns of economical, political and social institutions will conclude whether this is true or not in the case of Spain as an importer of French rules of the game.

The fourth case study deals with representative democracy. Virginie Mamadouh and Oberon Nauta analyse the shortcomings of democracy on the Netherlands Antilles. Democratic political structures in the Netherlands Antilles have been created by 'institutional architects' from the Netherlands in the early 1950s when the

former colonies were granted some autonomy. Although this constitutional system does not differ much from its Dutch counterpart, government in the Netherlands Antilles is largely ineffective and in a certain way nepotistic. The transplant of democratic institutions from the Netherlands to the overseas territories 'in the West' is shown as an incomplete transfer, because it was limited to constitutional elements. Core values (freedom, equality, tolerance) that have shaped Western democracy are the missing software. They are much more difficult to transplant than the formal characteristics of democracy, especially in a society still heavily marked by the heritage of slavery.

The fall of the Berlin Wall and the reunification of Germany have led to a large number of transplants from West-German institutions to former East Germany to replace GDR-Communist practices. In Chapter 8, Frank Den Hertog and Martin De Jong examine this process in the primary school system. West German practices and ideas were adopted despite of the fact that teachers had been trained differently, using other instruction methods, other stories and other interpretations of the historical course of events. The process of this cultural and institutional 'invasion' is described, along with the mixed Eastern reactions by which 'Ossies' try to retranslate and reinterpret the imposed Western material to their still very different reference frames. The chapter contrasts the experience of (former East) Berlin and of Chemnitz (formerly known as Karl Marx Stadt) where the integration between Ossies and Wessies is very different.

2.3 Transplants from the Anglo-Saxon world

Great-Britain and the United States have inspired many institutional reforms around the world. Part 3 presents five case-studies of transplants of Anglo-Saxon origin. The case studies deal with privatisation, but in very different domains (economic reforms, urban development projects, privatisation of state firms, universities) and very diverse countries (New Zealand, Russia, Taiwan and Indonesia).

In 'More Thatcher than the Real Thing', Georg Menz examines economic reforms in New Zealand. The country was known as a 'friendly and soft' labour party nation with a generous social security system until it suddenly reversed its policies in 1984. In the middle of a severe recession, the traditional welfare-oriented institutional framework was seen as outdated and unaffordable. Since then, various institutions have been transferred from the United Kingdom and the United States to introduce neo-classical economic ideas from the Chicago School. In fact, personal inter-linkages between people within the Anglo-Saxon world made acceptance of institutional reform much easier. This chapter shows how the processes of change and the transformation of abstract policy ideas to real institutions happened and what the consequences in the New Zealand context were, socio-politically and economically.

Sometimes, privatisation is more talked about than carried out in a number of countries. In Chapter 10, David Parker looks at inertia and the progress of privatisation in Taiwan. Taiwan's privatisation programme, which was widely acclaimed in the political arena, is reviewed and the main barriers to reform are

identified. A desire to improve efficiency, decrease the budgetary needs of government, increase market liberalisation resulting from economic and technological changes and a desire not to be out of line with governments elsewhere, have all underpinned Taiwan's privatisation programme. While privatisation has been official policy for over a decade, so far only a small number of companies have actually been transferred to the private sector.

Western market principles have also been introduced in the New Russia. In Chapter 11, Thanos Pagonis and Andy Thornley examine their impact on the nature and management of development projects. Market principles, however, when introduced to the institutional practice of three public-private development projects in Moscow were interpreted in a non-Western way. The implementation of the projects has involved a considerable degree of public intervention, and political power still plays a very dominant role. This situation has resulted in much usage of market rhetoric beneath which enormous political control has been exerted. The public involvement has revolved around the figure of the mayor. He has used his involvement to bolster his prestige and power-base by creating dramatic developments such as Manezh Square and Christ the Saviour linked to the 850th anniversary of the city, and the 'Moscvia City' project.

The New Public Management school of thought is still gaining ground – not only in Anglo-American and Western European countries, but also in the South-East Asian region. The World Bank and other international support agencies encourage this development. They see it as a means to rationalise government spending. This raises the question to what extent New Public Management-type of measures can be applied in the institutional context of South-East Asian countries, and how the implementation process of these measures takes shape. In Chapter 12, Hugo Verheul discusses these issues by examining the current restructuring of the Indonesian higher education system. In particular, this chapter sets out to show that New Public Management measures are not enforced by international agencies in a top down fashion, as is often assumed by literature. Rather, the introduction of these measures is a complex process in which groups within the Indonesian government and academia form coalitions with international agencies, and in which institutional characteristics of the Indonesian higher education system are integrated with the New Public Management philosophy.

The last chapter on Anglo-Saxon transplant focuses on a transplantation effort is conducted to realise American ideas in a British context. Martin De Jong and Nadav Haran describe recent reforms of the London Underground. In this study, Britain and the USA, two countries that share a large spectrum of cultural and mental features, are showing different, sometimes contradictory institutional characteristics, namely with regard to federalism and the degree to which democratisation has occurred. These have a significant influence on the transplantation process. American ideas and management philosophies concerning public-transport's management and financing (municipal bonds instead of PPP) are popular with the mayor of London. He had recruited an American manager as the Commissioner for Transport for London for restructuring the unsafe and inefficient transport system. However, in London, the new Commissioner ran into institutional difficulties having to do with the importance of central government.

2.4 Transplants with multiple donors

In the case studies presented in Part 4, the transplantation process involves the confrontation of multiple donors.

In the first study, Martin De Jong presents Finland's road management liberalisation. The Finns first copied the Swedish model of road management reform, itself a transplant inspired by the Anglo-Saxon New Public Management. Before implementation, the Finns first learned from the problems of the Swedish reforms to design and then implemented their own liberalisation reform. Then they gradually turned to other donors by drawing lessons from Anglo Saxon countries. As a consequence, Finnish reforms and their results are assessed to be more satisfactory than their original Swedish model. The Finns have surpassed the Swedish model and perfected a Nordic model of road management reform. Nevertheless, bringing one's model to perfection is a continuous process and implies that one has not reached the final stage. Eclectic learning from 'best practices' around the world, while maintaining a critical attitude and moulding lessons and examples in one's own manner, remains on the agenda.

Chapter 15, written by Martin De Jong and Jochem De Vries, features a Flemish planners' community making extensive use of the opportunities offered by the pervasive federalisation of the Belgian state. The region of Flanders has obtained the institutional competency to look after its own spatial affairs, but takes some time in coming to the conviction that it indeed wants a spatial planning system. Despite official intentions in each new coalition agreement to come to legal framework and a plan, it takes the Flemish planners over a decade and a half, a gradually evolving structure planning discourse, growing internal cohesion and a wonderful window of opportunity before they can reap the harvest of Flemish nation-building. No other country in this book drawing lessons shows more eclecticism in its consultation of foreign models. Britain, the Netherlands, and to a lesser extent France and Germany were part of the Flemish frame of reference. The first source led them to embrace their general structure planning perspective, while the second inspired them to adopt or reframe spatial concept. The actual legal and administrative shape the spatial planning reform took brought it closer much closer to typical continental solutions. The final result may be called 'typically' Flemish: it reveals the ambition to become more 'Nordic', but 'Latin' reflexes certainly persist.

The next chapters address multiple donors in the context of European integration and exchanges between experiences and practices from the different Member States. In Chapter 16, Virginie Mamadouh presents the case of institutional transplantation from the national to the supranational level with an analysis of the evolution of the European Parliament. She examines the consequences of the fundamental ambiguity between the functional and formal characteristics of this supranational institution. The European Communities and the European Union form a singular *sui generis* structure of governance with an original institutional arrangement, in which the main institutional actors are the European Parliament, the Commission, the Council of the European Union, the European Council and the Court of Justice. Despite this specific context, the European Parliament has been organised by transplanting national parliamentary institutions to the supranational level. Apart from the

confusion caused by conflicting national traditions, the discrepancy between function and form contributes to the perpetuation of the deficient legitimacy of the Parliament and of the democratic deficit of the European Union.

In the last case study, Ellen Van Bueren, Frédéric Bougrain and Thomas Knorr-Siedow present insights from a multilateral learning project supported by the European Commission. In the Sustainable Refurbishment in Europe project (SUREURO), housing companies from seven countries have decided to exchange tools and methods for sustainable refurbishment of post-war multi-storeyed flats. This chapter shows how a multilateral learning process between housing companies in different countries started with the modest goal to learn from each other about the organisation and management of sustainable refurbishment by exchanging methods and tools, but gradually evolved in a multilateral learning process about institutions and institutional change. The barriers and opportunities for these learning processes for three housing companies in France, Germany and the Netherlands are explored. Institutional differences, which complicate the multilateral learning about sustainable refurbishment, are found in three areas: (1) in the legal system, (2) in the structure of the housing sector and the housing companies and (3) in the way sustainable refurbishment is framed. Various kinds of learning capacities are required from housing companies to overcome these institutional differences and to successfully embed the institutional transplants in their policies and business processes.

2.5 Conclusions

The concluding chapter draws lessons from the 14 empirical chapters. The 'actors pulling in' and 'goodness of fit' arguments are briefly recapitulated. The propositions formulated in Chapter 2 are reviewed in the light of the empirical evidence gathered from around the world. For that purpose, each transplantation case is allocated a score on six indicators. Though it is virtually impossible to definitively settle the issue of what makes for successful transplantation (this also depends on with whom and what actors one identifies and whether one considers the question whether the transplant was accepted by the host country or the questions of the evolving policy outcomes as a result of it), it is not true that nothing can be said on the subject of success or failure. Concepts such as *glocalisation* (foreign imports acquiring 'couleur locale') and *creolisation* (institutional elements growing together in rather undefined ways without the lead of one clear exemplar) are introduced to deal with the complexities of institutional transplantation at the eve of the 21st century.

NOTES

¹ After September 11, CNN and Al-Jazeera had working agreements about the use of videotapes from Al Qaeda that Al-Jazeera, but the latter recalled them in February 2002 after a difference of opinion about the airing of an interview with Osama bin Laden on CNN. The two also enter a more direct competition.

CNN has now a regional website in Arabic and Al-Jazeera broadcasts with English subtitles 12 hours a day in the U.S. (Rath, 2002).

² Compare to the attitude of the American government that complained about the pro Taliban bias of Al Jazeera during the 2001 Afghanistan war and asked the Emir to intervene, but then chose to cooperate more with the channel to get its side of story aired too (see also Anon., 2001; Editorial, 2001; Fisk, 2001; Grenier, 2001; Mitbketa, 2001; Nasser, 2001; Reinckens, 2001).

³ The Emir of Qatar is reported in *New York Times* (Burns, 1999, but much quoted afterwards in other articles such as Rashid, 2001) voicing ambivalent feelings: 'What a headache it is. But all the same I think it is a kind of oxygen invigorating our thinking'.

⁴ Older uses of 'transplantation' in that context are found in Beckstrom (1973) on Western laws in Ethiopia; in Singh (1970) on local government in the Commonwealth Caribbean and in Brown (1970) on agricultural reforms in Chile. The term 'legal transplant' has been adopted in comparative law, especially in the 1990s after the second edition of Watson's book (for example Adinkrah, 1980; Geller, 1994; Mattei, 1994; Ajani, 1995; Ewald, 1995; Hein, 1996; Sin & Roebuck, 1996; Grande, Nader, & Ferme, 1997; Alston, 1999; Mertus, 1999; Zongling, 1999; Mistelis, 2000; Stack, 2000; Watson, 2000; Schafer, 2001 and Wiener, 2001, also Lehmann, 2000 on transplanting legal concepts).

⁵ See for an example the adoption of the new Japanese Constitution in 1946 (Alston, 1999).

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PART I
CONCEPTUAL ISSUES

TWO CONTRASTING PERSPECTIVES ON INSTITUTIONAL TRANSPLANTATION

1. APPROACHING INSTITUTIONAL TRANSPLANTATION

It is tempting to look across the state border and claim that promising policy solutions developed elsewhere should be introduced on domestic soil. Policy transfer is not a new phenomenon, though. Already in the 1870s and 1880s during the Meiji restoration in Japan, conscious efforts were undertaken to imitate and emulate organisational and institutional exemplars in existence in Western powers. This emulation, it was hoped, would help face the consequences of industrialisation and turn Japan into a modern state (Westney, 1987).

More than one century later, globalisation, Europeanisation and intensified international communication due to improved infrastructure facilities lead to a similar wave of enthusiasm for international benchmarking and policy transfer around the globe. The usual expectation is that similar positive results as the ones found in other countries can be achieved at home. Policy makers, legal practitioners and planners regularly hear media stories, listen to informal talks during conferences and business visits or check the internet and are intrigued by levels of effectiveness, efficiency or innovativeness realised elsewhere and propose to copy these models. Yet which models are worth following? Which are suitable for the domestic situation?

Potential transplanters may have difficulties in assessing the suitability of a model. Foreign success stories may be overstated by the representatives of the donor country. Indeed, for temporary visitors, the display of showcases may be hard to disentangle from the more prosaic reality of day-to-day practice in the donor country. This could be of little relevance to the politicians in the country of adoption, as they may thankfully buy an idea or ideology, which is in line with their political agenda and that serves as ammunition in their political conflict, regardless of how the actual policy worked out elsewhere. States run by liberal governments in the United States are by their very nature inclined to draw lessons from other states with liberal reputations (Massachusetts and Wisconsin, for instance), whereas conservative governments would rather turn to policy models in vogue in Southern states (Robertson, 1991). In other cases, the donor country and host country have different legal traditions and, consequently, adoption of alien legal procedures and measures could be ineffective or even counterproductive. This is due to the fact that the measures fall into a different context, where they hinder the functioning of domestic institutions and their own functioning may be hampered. Donor and host

country could also possibly embrace diverging administrative values and norms. Therefore, newly introduced policies copied or adapted from elsewhere have unforeseen consequences. Is it possible to predict in which situations institutional borrowing will be beneficial?

Whether an institutional transplantation is successful or not, is difficult to assess as it often depends of the perspectives taken. Transplantations, as any other changes, make winners and losers. Sometimes, success is measured as the degree of resemblance achieved between the model institution and its copy. However, it is a rather simplistic way to look at such a transfer, which is a means to achieve certain goals and not a goal in itself. The purpose of institutional transplantation cannot possibly be the cloning of the original institutions in another context for its own sake. While success is difficult to assess, practitioners need to comprehend the potential and the limitations of institutional transplantations. Practitioners need guidelines to decide whether or not to use this strategy. In addition, observers and theorists want to understand why and how transplanters borrow institutions. Why are some more successful than others? Are some countries more prone to borrowing than others? Are some countries more often models than others?

This chapter presents the theoretical state of the art on policy borrowing, variably labelled 'imitation, emulation and innovation' (Westney, 1987), 'lesson drawing' (Rose, 1991, 1993; Robertson, 1991), 'legal transplantation' (Watson, 1993), 'legal mixing' (Örücü, Attwooll, & Coyle, 1996), 'policy band wagoning' (Ikenberry, 1990), 'policy learning' (Bennett & Howlett, 1992), 'policy transfer' (Dolowitz, 1999; Dolowitz & Marsh, 1996, 2000; Peters, 1997; Evans & Davies, 1999; Stone, 1999, 2000; Wolman, 1992), 'institutional transfer' (Jacoby, 2000), and 'institutional transplantation' (De Jong, 1999a). Though there are clear differences of nuance and connotation to each of these denominations, they basically describe the same phenomenon. This book focuses on institutional transplantations between states or state agencies, but similar processes are highly relevant to the private sector. For example, Perucci (1994) has recorded the phenomenon of 'toyotism', Japanese automobile factories settling in the US Mid West and introducing their *kaizen*, systematic team work based quality control, and just-in-time management traditions in the American heartland.

Below, we contrast two key perspectives on institutional transplantations, connected to two different conceptions of institutional change. Section 2 introduces key concepts such as formal and informal institutions, institutional complex, institutional transplantation, institutional design and institutional evolution, on which the rest of the theoretical framework hinges. Section 3 presents institutional transplantation as design, or 'the pulling in argument', meaning that it is the players in the policy network who frame and reframe the transplant following their own preferences and the interplay of their strategic power game. Transplants are 'pulled in' by actors supportive of ideas and ideologies associated with the transplant as it operated in its country of origin and who attempt to redesign the institutional web around them. In section 4, we provide a more systemic view of institutional transplantation. Here, institutional structures are highlighted as ensembles of rules that have evolved historically and reveal certain legal, political and cultural traditions. As such, it is not easy for policy actors to tamper with them. Transplants

derived from other traditions may work, but creating *mixité* should be done with caution. We call this line of thinking on institutional transplantation the 'goodness of fit' argument. A common way of assessing goodness of fit is to posit the existence of families of nations. Individual nations sharing institutional features are then both held to be members of the same family who could successfully transplant from each other. Finally, in section 5 the most important lessons from chapter for the rest of the book will be drawn.

2. INSTITUTIONAL TRANSPLANTATION: DEFINITIONS AND CONCEPTS

2.1 Institutional transplantation and related concepts

As mentioned earlier institutional transplantation is one of the many concepts in use to label the transfer of policies from one setting to the other. Although these concepts are rather similar, it is meaningful to underline that they cover only partly overlapping categories. A general term to describe has been proposed by Ward (1999) with the label 'diffusional episodes'. Discussing the diffusion of planning concepts, he presents a typology featuring six types of diffusional episodes, 'based essentially in the power relationships between the 'importing' and the 'exporting' nations':

- authoritarian imposition,
- contested imposition,
- negotiated imposition,
- undiluted borrowing,
- selective borrowing, and
- synthetic innovation (Ward, 1999, p. 58).

Although the notions of transfer and transplantation encompass both coercion and diffusion, most recent literature on 'legal' or 'institutional transplantation' and 'policy transfer' focuses on voluntary borrowings, neglecting cases of imposition. Moreover 'lesson drawing' and 'policy learning' concern a broader spectrum of practices because they include negative lessons in which learning results in the non-adoption of existing policies (in other words learning from failures and mistakes).

2.2 Institutions as transplants

Transplants can be institutions, policies, programmes, procedures, ideologies, justifications, attitudes and ideas. Using 'institution' as a container concept for all these possible transplants is convenient but necessitates some precisions. Much has been written on describing and defining institutions in fields as diverse as law, institutional economics, political science, sociology, anthropology and history. In order to avoid having to go too deep into this extensive theoretical debate, this discussion will be limited to what can be seen as a common denominator in most

writings. By and large, a distinction can be made between *formal institutions*, which are legal rules of the game telling who is allowed (or not) or obliged (or not) to undertake what actions and under what conditions, and *informal institutions*, which are social practices and rituals based on underlying cultural values and norms. Formal institutions basically refer to competencies and obligations, whereas informal institutions deal with what modes of behaviour are deemed appropriate in given circumstances. Together, formal and informal institutions make up the whole of the institutional complex, which is to say the rules of the game with the practices around them. Without the 'other half' one would either understand just the rules according to the book regardless of how they work out in general patterns of behaviour or just the general patterns of behaviour without knowing if and how they are backed up judicially (see De Jong, 1999a, 1999b).

In the context of *institutional transplantation*, it is precisely the tension between formal and informal institutions that comes into play. In most cases, constitution writers or policy makers intend to change a dominant complex of legal, policy or wider social practices in their country and desire to adopt the practice as they see it in another country. It is virtually impossible to transplant the whole gamut of formal and informal institutions at once. However, by adopting at least the formal institutions (the legal framework) of the donor country in their own soil, they often implicitly hope the concomitant cultural practices will follow. Informal institutions, though not totally independent from the formal sphere, are much more elusive and even harder to disentangle and transplant than formal institutions. When this happens, it often takes the shape of transplanting an ideology or set of ideas quite distinct from those that prevail. Yet even then elaboration of these ideas usually occurs in the form of new legislative frameworks, which may or may not be directly derived from the original.

In addition, it is necessary to distinguish between institutions at different levels of action (Ostrom, 1982). Three levels of action can help us understand the different domains in which processes of institutional transplantation occur. These levels, as slightly reframed by Toonen (1990), are:

- *The constitutional level*: the whole set of legal and socio-cultural conditions, rules, norms and values that provide the context in which decision making processes and relations take place. Hesse and Benz (1990) call these *Grundregeln* (ground rules).
- *The level of policy areas*: The system of legal, financial, political and organisational relations between various government units within a state structure. In this study, this level coincides with a policy sector.
- *The operational level*: the whole set of exploratory activities, procedures, techniques and administrative forms used by individuals within the constitutional and institutional framework. This operational level concerns the concrete process of decision-making.

When we add the distinction between formal relations (legal and administrative structure) and informal practices (culture) to this categorisation, six domains can be analytically distinguished (see Table 1). Institutional transplantations are likely to be

more demanding for higher levels of actions than for the lower ones, and more tricky to implement for informal practices than for formal features. Accordingly, easiest to transplant are procedures, most problematical are value orientations.

Table 1: Different domains of institutional transplantations

<i>Level of Action</i>	<i>Formal Relations</i>	<i>Informal Practices</i>
Constitutional level (ground rules)	Legal systems	Value orientations
Level of policy area (relations between governmental bodies)	Formal regulations	Informal codes
Operational level (daily activities)	Procedures	Roles

Adapted from De Jong, 1999a, p. 214.

Despite differences, these domains all share the same tension between existing institutions and transplants. Institutional *transplantation* calls attention to the inherent tension between fixing a constitutional policy or practical problem through ambitious design action on the one hand and the organic reality of the complex social environment in which this problem is interwoven on the other. On the one hand, one could speak of institutional *design* as actors perceive the institutional complex around them as essentially man-made. There are no fundamental or principal objections or impediments to adopting models taken from elsewhere. However, actors have to engage in a struggle with others who have a say in the matter, come to some form of agreement and then adopt or adapt the original for their own country. On the other hand, differences between the donor country and host country may be so vast or the evolutionary course of institutional systems is so unchangeable that policy borrowing from elsewhere is a naive and wasteful effort. In that case, one would rather speak of institutional *evolution*. 'Transplantation' points both to the conscious side of the intervention and to the potentiality that the operation may fail when the receiving body rejects the transplant in some way as an organ alien or inimical to the wider bodily environment. Suitability of the transplant in the context of its new institutional environment is vital to its success and in that sense a metaphor drawn from the medical scene is helpful in bridging the gap between voluntaristic intervention to remedy problems and the fatalistic assumption that administrative systems each have their own path and learning from others involved in other trajectories is futile. Let us consider these two perspectives in turn.

3. 'ACTORS PULLING IN':

INSTITUTIONAL TRANSPLANTATION AND BRICOLAGE

Policy actors often look out for opportunities to reframe the dominant discourse and adapt the institutional framework in a direction of their liking. One could describe the battle actors wage in policy arenas around concepts and conceptual schemas in order to have these incorporated in the dominant power structures, as a struggle for

the survival of the institutionally fittest concepts. These power structures have crucial pecuniary rewards and legal competencies attached to them making materialisation of the concepts much more likely (De Jong, 1999b). Examples and best practices extant in other national contexts, other regions, other municipalities, other policy areas, other eras or combinations of each of those can prove quite helpful in this struggle. Rose (1991, 1993) calls all of the above rather loosely and generally *lesson drawing* and includes in his definition (1) copying exact policy programmes, (2) adapting them to the domestic context, (3) making hybrids by merging programmes from two different sources into one, (4) making syntheses by combining elements of three or more programmes and (5) just being inspired.

As actors frame the meaning of these ideas, projects, and programmes coming from external sources, these idiosyncratic bits and pieces can be implemented in many different institutional ways. Lesson drawing typically refers to voluntary transfer processes, but history also provides evidence of less voluntary or even involuntary transplantation, especially in the era of colonisation. Lesson drawing can therefore be seen as the voluntary variant of a wider phenomenon called 'policy transfer', which Dolowitz defines as:

The occurrence of, and process involved in, the development of programmes, policies, institutions, etc. within one political and social system, which are based upon the ideas, institutions, programmes and policies emanating from other political and/or social systems (Dolowitz, 1999, p. 3).

Many different types of actors can set such a transfer in motion (elected officials, bureaucrats, pressure groups, political parties, policy entrepreneurs, experts, consultants, think tanks, trans-national corporations or supranational institutions and combinations of each of them) and along the way refine and adapt it in a manner they think is suitable for solving their problems.

Many different things can also conceivably be transferred, such as policy goals, their contents or specific policy instruments, sometimes even complete programmes. Actors in the host country can just draw inspiration from incidental ideas or concepts available in the donor country or countries, but might just as well import more profound ideologies underlying the welfare state. Potential transplants can evoke positive feelings of affinity, but experiences occurring elsewhere may also be invoked as negative lessons and things to be avoided.

In addition, the extent to which actors in the domestic policy arena import and reframe all of the preceding elements varies. They may try to copy them completely, emulate them, make mixtures of various foreign examples or even give them a form completely of their own in which the constituent foreign elements can hardly be distinguished any more. In such cases, it is not farfetched to claim that innovation has occurred.

Taking all of the elusive aspects of daily humdrum in public administration into account, it becomes evident how difficult it is to develop a general theory on policy transfer along these lines. The types of constraints on transfer are almost limitless and so is the number of precepts to be taken into account when turning policy borrowing into a success. These constraints may have to do with policy complexity,

past policies, feasibility (ideology, cultural proximity, technology, economic situation, bureaucratic hindrances), language barriers, past relations and much more.

In his highly readable book on lesson drawing, Rose (1993, also see Table 2) calls a combination of high desirability and high practicality of a transplant 'doubly desirable', but one of high desirability and low practicality a 'siren call'. The question that remains is how we can tell a doubly desirable transplant from a dangerous lure. How does one assess practicality? What factors are decisive when it comes to the feasibility of borrowing transplants from elsewhere?

Table 2: Assessing a potential transplant: Great example or fatal attraction?

	<i>High desirability</i>	<i>Low desirability</i>
High practicality	Satisfactory transfer 'Great example'	Unwanted policy solution
Low practicality	Siren call 'Fatal attraction'	Double rejection

Source: Rose, 1993.

The precepts put forward by Rose in his book offer little theoretical solace. The precepts are that programmes should for instance not be too unique (1993, p. 120), the institutions of the programme should be substitutable for them to be fungible (124), cause-effect structures of programmes should be simple (127) and the change of scale should be small (132). On the other side, failure of policy transfer may be due to uninformed transfer, incomplete transfer, inappropriate transfer (Dolowitz, 1999) or the failure to include 'support structures' (Jacoby, 2000). Why a lesson is drawn, where a lesson is drawn from and who is involved in the transferring process all affect whether transfer occurs and whether that transfer is successful. Furthermore, policy transfer is best seen as an almost continuous process. Policy actors keep struggling with each other as to the interpretation of the transplant and how to keep reframing it. Westney's study (1987) has shown how Japanese policy makers in the past century went on to discuss whether their police administration modelled after the French system should be readapted less or more *à la française* over a decade after the transplantation process had begun. It is therefore hard to delimit beginning and end to a policy transfer process. All in all, transplantation as an actor centred view seems a highly important and omnipresent phenomenon, but it is an also extremely elusive and piecemeal one. Jacoby is the most specific in his description of the requirements for 'institutional bricolage'.

Institutional transfer involves three necessary conditions. First, state elites refer explicitly to a model prominent in another place. Second, the elites try to identify the foreign model's legal framework and the actors help it function. Finally, these elites build a replica of all or part of the model, either from scratch or by remoulding indigenous institutions, to approximate the foreign model (Jacoby, 2000, p. 2).

To Jacoby, effective transfer is the result of a combination of an *organised society* and a *flexible state strategy*. Contrary to what one is intuitively inclined to think, societal and administrative passiveness does not make the imposition of a foreign transplant easier, but more complicated. If certain domestic actors already

have some positive penchant vis-à-vis the institutional context or ideas behind the policy programme elsewhere, they can use the foreign impetus for their own purposes and fight for these ideas. The real or fictitious outside power¹ in fact enhances the position of these local champions compared to others and gives them the initiative. Flexibility in the utilisation and adaptation of the original is then required however, to make it meaningful and acceptable in its new institutional environment. It is theoretically possible for an outside power (a colonial power or an international organisation, for instance) or the national elites in favour of institutional change to follow an alien model, bypass these local proponents and impose an exact copy of the original. However, even though the transplant will be a precise copy, there is a tremendous risk that the transplant either becomes an empty legal shell with no accompanying socio-cultural practice or generates persistent and fierce resistance that renders it ineffective. In other words, using the civil society and generating new impulses and modifications from the interplay in the new policy context is crucial. Actors in the host country must want to make it their own and if they are not present, they should somehow be found or created and empowered. Fetishising, as Jacoby calls it, of the original and the real or assumed successes it generated in the donor country should be avoided at all costs. This is to the benefit of realising a domestic edition that actors want to carry along, even if conflicts arise initially.

Eventually, domestic actors should pull the transplant in and reframe it according to their own utilities. They are the ones to design and redesign the actual practices around the transplant. Institutional transplantation as borrowing relies on policy actors pulling in and revising elements taken from foreign systems, turning imitation to emulation and emulation to innovation. A neat list of dos and don'ts cannot be given for such unique administrative processes, but any principal limitations of a legal or cultural kind to policy transfer do not exist. The perspective of institutional transplantation as *design* is essentially optimistic on opportunities for policy transfer, in which it grandly differs from the contrasting perspective.

4. 'GOODNESS OF FIT':

INSTITUTIONAL TRANSPLANTATION AND EVOLUTION

The revival of *attention* for institutions among social and political scientists in the 1980s and 1990s and the advent of the 'new institutionalism' (March & Olsen, 1984), explicitly concentrates on the influence of a given institutional configuration on the subsequent sequence of events. 'Historical institutionalism' is even keener on underlining the path dependency and long-term effects of institutional choices and configurations (Thelen & Steinmo, 1992). These concerns about continuity also affect our thinking about institutional borrowings.

It was Alan Watson (1993) who first put the term *legal transplantation* on the table to designate the practice of copying parts of one legal system to another. This expression, which conjures up associations of non-compliant organicity and deliberate intervention, expresses a synthesis of design and evolution. These elements are both involved in such a process. A transplanted organ 'fits' into the

body of a new owner provided it is not rejected, and will then become integrated with the other organs. This is more or less the image that is applied to the transplantation of institutions from an alien system into a newly designed or adapted host system. Will they become an integrated part of the greater system and behave as if they have always belonged there or will they be left unused and rejected as system-unfriendly elements? Contrarily will they, as dominant *Fremdkörper*, make the operations of the other institutions impossible?

A successful legal transplant – like that of a human organ – will grow in its new body, and become part of that body just as the rule or institution would have continued to develop in its parent system. Subsequent development in the host system should not be confused with rejection (Watson, 1993, p. 27).

Watson, a legal expert, gave a few examples of how the British common law system had spread around the world, but the main aim of his book was a short introduction to comparative law.

A more elaborate overview of the results of introducing foreign legal regulations and frameworks in several nations was published in Örucü *et al.* (1996). This book has shown that mixed and mixing legal systems in various domains led to unpredictability, confusion and sometimes contradiction between the several elements of the legal system. Underlying ideologies, philosophies and styles of lawmaking and interpretation worked so much at cross-purposes with no identifiable hierarchy between the precepts that internal strife became inevitable. In the book, Aoued (1996) gives an impressive account of how, in Algeria, French legal precepts survive alongside the growing influence of Islamic law. When coming to a verdict on whether women can be granted the right to divorce their husbands, judges and legal experts consult to different legal sources and come to contradictory verdicts. Legal insecurity among plaintiffs is the unpleasant result. Borrowing characteristics from institutional systems pertaining to a different system is generally not seen as an easy option and the result in a worst-case scenario may be institutional schizophrenia. In other cases, the alien transplants seemed to work out much better, though not always in manners predicted by their domestic champions. The bottom line of their book is, however, that borrowing from countries with a different style was a complicated affair and some form of legal and cultural congruence was crucial for a foreign transplant to be successful. Accordingly, the 'goodness of fit' perspective generally emphasises (in)compatibilities between donor and host societies. It relies on the assumption that families of nations can be distinguished, and that members of each of these families share characteristics that influence the suitability and transferability of institutions.

In 1993, Castles edited a volume entitled *Families of Nations: Patterns of Public Policy in Western Democracies*, in which it was shown how certain groups of countries often had comparable scores when it came to phenomena such as fertility, participation of women in the labour market and the structure of welfare state policies. Though the term 'families of nations' as such was new to our knowledge, the idea that some countries are more similar than others was not. For instance, it is reminiscent of Lijphart's typology of democracies (1984, 1999) and of Esping-Andersen's typology of welfare states (1990). Though each of these publications

dealt mostly with Western nations, they shared the essentialist idea that some countries systematically tend to flock together. Furthermore, that they do so because their roots are the same or because they had the same ancient predecessors.

A family has a style of formal legislation and informal social conventions, which creates a certain resemblance among its members (Castles, 1993). These characteristics do not arise from substantive rules of law, but are related to the structural and philosophical roots of the family, legally, politically, administratively, culturally and perhaps even religiously and linguistically. A family often has a recognisable parent somewhere in its genealogy that exported the system elsewhere (e.g. France, Britain or the Soviet Union) and whose descendants have inherited most of its central characteristics. Such processes are evidently much more visible, but not necessarily more pervasive, in legal matters than in cultural matters. However, in the course of time, some members may also take on characteristics from other systems, shift towards other families and deviate more and more from their original. As a result of extensive mixing, 'hybrid' institutional structures come about.

When the mixing is unstructured, there is a greater risk that characteristics from diverse origins will be at total variance with one another. The application, sequence and prioritisation of rules will become dubious and ambiguous. The system will end up incorporating two or more institutions, which sometimes have quite the same aim but are not clearly connected. Players will become confused and start squabbling about the scope of the rules and even about which underlying philosophy or ideology should predominate. Struggles like these can persist and eventually result in the subordination of one institution to the other or the pointless duplication of procedures. Örcü *et al.* (1996) use the term 'structured mixité' for co-ordinated mixing in which identifiable basic principles are applied and 'unstructured mixité' for spontaneous or incidental mixing without taking notice of the wider legal and cultural context. Viable institutional transplantation can take place provided mixing is judiciously carried out and potentially undesirable consequences for the wider institutional structure are scanned for and spotted in advance. A deeper knowledge of the legal, politico-administrative and cultural traditions of both the donor country and the host country, as well as a specific analysis of the congruence between the transplant at hand and its future institutional environment, are due. Consequently, some form of clarity of philosophy or style prevails in what circumstances is needed. Taking notice of congruence to institutional elements already present, should be a priority in order to avoid future inconsistency.

It is no *sine cure* to devise or re-devise institutional structures. To some extent, they are organic wholes that defy grand design strategies. Firstly, one could say they react to interventions from 'designers' and consequences of interventions are partly unpredictable. Secondly, the structural and cultural framework into which institutional transplants are brought will colour their application and this may be quite different from their country of origin. This deviation might of course be positive, but it may also work out negatively and an awareness of the wider system characteristics is crucial to ward off disaster.

The transplant should be fitting for its new environment. As to the question whether this is the case, this depends heavily on the systemic characteristics of the

host country. These underlying structures and values have evolved through historical time. They are mainly of a legal and cultural nature and permeate daily political and administrative practice. Not all transplants taken from donor countries with other underlying structures and values will therefore land on fertile soil. The practices related to the transplants, however desirable they may seem, depend vitally on those underlying structures and values. These cannot be copied so easily. Actors that pull in the transplants may sometimes overlook these deeper forces, but this does not make them irrelevant. The perspective of institutional transplantation as 'evolution' pays heed to 'congruence' and is generally more wary of limitations to policy transfer.

5 'PULLING IN' OR 'GOODNESS OF FIT'?

Contrasting the two approaches of design vs. evolution, 'actors pulling in' vs. 'goodness of fit' is meaningful to grasp the practicalities of institutional transplantations. They can be seen as opposite perspectives and one might wonder if empirical evidence can help decide which perspective is the most valuable.

To those who are *a priori* inclined to adopt the 'pulling in' argument, many objections can be raised. Offe (1996) has shown that for 'Post Wall' Eastern Europe, institutional design mimicking Western templates as such is not possible. He argues that this is because crucial aspects of civic culture have been torn out by thorough and intense oppression or have developed insufficiently over the years. Putnam's book (1993), which demonstrates how the same process of regionalisation worked out differentially in Northern and Southern Italy also points in the direction of the goodness of fit argument. Similarly, North (1990) has demonstrated that neither the political and administrative practice nor the economic performance in Latin America will ever become like that of North America, even if US style constitutions and government structures are implanted there. Cultural practices tied up with the formal rules make all the difference (Dryzek, 1996).

However, there are also many examples that contradict the fears of those inclined towards the goodness of fit perspective. Post-Meiji restoration Japan looked much more like the Western powers than it had ever before and the military, economic and politico-administrative impact of the fundamental reorientation were considered positive (Westney, 1987). Post War Germany had a federal constitution implanted based on an American example and had several policy areas restructured following Anglo Saxon recipes. It fared better after than before the war, at least economically and socially (Jacoby, 2000). Finally, one could also claim that the Western free market promise is not helpful in East European countries for all situations, in all cases and in exactly the same way as in Western Europe or North America, but most are still eager to adopt it. Moreover, some have indeed become more prosperous and stable, though one could also object that this applied precisely to those nations that already had some democratic Pre War experience.

In sum, it is less than evident for the impartial analyst to make an unambiguous choice for either of these two perspectives. Actually they should not be seen as excluding each other but rather as complementary because they shed light to

different aspects of the transplantation process. These insights can guide those considering institutional transplantation. This knowledge can be summarised in propositions hypothesising the likely success of the transplantation process. 'Actors pulling in' does not mean that 'anything goes', but is a warning to potential transplanters against thoughtless transplantation attempts that leave no room for manoeuvring to local actors. It underlines the importance of the process of adjustment. When local actors have less opportunities to adapt models to their situation, the transplantation process is likely to lead to resistance, non-compliance and/or ineffective outcomes. When local actors have more opportunities to adjust the transplant the process is facilitated. This perspective therefore generates three working propositions:

1. Imposition of a transplant by an external force makes the transplantation process less easy than voluntary adoption by domestic actors.
2. Xeroxing makes the transplantation process less easy than 'bricolage', i.e. the adaptation to local circumstances.
3. Considering only one definite model makes the transplantation process less easy than considering a more loosely defined model or even multiple models.

Similarly, 'Goodness of fit' does not mean choices are necessarily limited to comparable countries. It is however a warning to potential transplanters against the neglect of the existing situation in the setting where the transplant is supposed to be adopted. That starting position should be acknowledged and properly taken into account in the process of picking and choosing a model and adjusting it to ones' needs. This perspective generates three working propositions about structural aspects that facilitate or impede the transplantation process:

4. Similarities between host and donor facilitate the transplantation process, compared to differences. In other words, like-to-unlike transplantations (i.e., cross-family transplantation) are more problematical than like-to-like transplantations.
5. The generic character of a transplant facilitates the transplantation process. In other words, specific legal frameworks or procedures are more problematical to adopt than more general and abstract policy lessons, ideas and ideologies.
6. Special periods of regime transformation characterised by a sense of emergency and urgency (e.g., system upheaval, nation building or national financial performance crisis) create opportunity windows and critical junctures that facilitate the transplantation process, compared to periods of stability.

In the concluding chapter, these propositions will be reconsidered in light of the empirical findings. The case studies in the empirical chapters acknowledge both perspectives. They deal both with congruence between host and donor societies, between transplant and existing institutions (goodness of fit) and with the input of

the actors involved (perceptions and intentions, interactions networks and power relations). However, for the 'goodness of fit' argument, a preliminary inquiry of Castles' concept of 'families of nations' is needed. Chapter 3 examines this notion more thoroughly and discusses the empirical evidence for the existence of such clusters of countries. Furthermore, their relevance for institutional transplantation processes is discussed.

NOTES

¹ This outside power may be fictitious yet influential, because it is claimed that rivals are ahead in the race of the peoples in that particular policy area. Influence from the European Union may be invoked in spite of the fact that European legislation has nothing to say on further required liberalisation or privatisation. Likewise, the IMF or the World Bank gives much more leeway in implementing financial stringency measures than elites in developing nations generally claim.

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FAMILIES OF NATIONS AND INSTITUTIONAL TRANSPLANTATION

1. FAMILIES OF NATIONS: MERITS AND LIMITATIONS OF THE CONCEPT

The 'goodness of fit' argument is an influential perspective to predict suitability of an institutional transplant. A complementary question is, however, how to assess this goodness of fit between the intended transplant and the host society. In Chapter 2, the concept of 'families of nations' was introduced for this purpose. A common application of the goodness of fit perspective relies on the assumption that (1) families of countries can be distinguished, and (2) the characteristics of each of these families are influential to the suitability of any potential institutional transplant in such a way that transplants between members of the same family are less difficult than borrowings between families. This chapter aims to present what is known of 'families of nations' and test the validity and usefulness of the concept. This testing is done by examining the empirical evidence about the existence and the delimitation of such families of countries and the empirical evidence about their relevance for institutional transplantation. This chapter presents families of countries that are based on selected but seminal literature in comparative law, political science, public and business administration, planning and anthropology.

Some preliminary remarks are necessary before presenting some of these typologies, seen as influential and or especially relevant to institutional transplantation. The term 'families of nations' is not that usual although clustering countries is a common strategy to reduce complexity in comparative studies. In the conclusion of *Families of Nations*, the book edited in 1993 by Francis Castles, Göran Therborn distinguishes four types of families, of which two are based on the evolutionary reasoning that underlies the goodness of fit perspective.

We may distinguish between four types of families or groupings of nations. First, there is the lineage type, held together by descent from a common origin of some sort. Secondly, there are the *separated* siblings, kindred nations kept apart by state boundaries or, more concretely, non-state bound social units with significant similarities between them, irreducible to common ancestry. Then we have what might be called (elective) *affinity groups*, the *Wahlverwantschaft* connected by the process of diffusion, of imitation or avoidance (negative affinity), freely elected or established by pressure. Finally, there are the *partnerships*, the unions of deliberate co-ordination. The kinship of nations is multilineal, over layered and subject-centred. Any given member may

count his or her kinship affiliation in terms of overlapping lineages, affinities and partnerships. So should the observer (Therborn, 1993, p. 329).

A family has a *style* of formal legislation and informal social conventions in politics and policy-making, which creates a resemblance among its members. Therborn's first type has a recognisable parent somewhere in its genealogy that has exported the system elsewhere and whose descendants have inherited many or all of the characteristics. An example of this is how France's Civil Law, England's Common Law, Saudi Islamic Law and the Soviet Communist party rule found their way into many legal systems in the world. However, in the course of time, some members have taken on additional characteristics from other systems or have become a family of their own and ceased to be a copy of the original. This is how affinities of the second, third and fourth type can also come about.

It has been said that institutional structures bear the imprint of the era in which they originated (Hannan & Freeman, 1989). Countries with characteristics of various families depending on the policy area can be labelled 'hybrid'. Generally, countries at the core of cultural spheres of influence, such as France, Germany and the United Kingdom have fairly archetypal state traditions to which they stay true (Dyson, 1980; Dobbin, 1994), while countries in border zones adopt institutions from different models, depending on the age and the dominant powers in that age. Israel, Greece, Turkey, the Netherlands, Finland, Scotland and Quebec are for instance widely seen as hybrids in the comparative law literature (Raadschelders, 1998; Örüçü, Attwooll, & Coyle, 1996), as they have variably adopted and reframed French, German and Anglo Saxon models in the course of time and have transformed these impetuses into mixtures which are much harder to grasp in terms of 'families of nations'. Clearly, processes of institutional transplantation are at the very heart of the notion of families of nation, as institutional borrowing is seen as the major cause of familiarity.

In available typologies, types are often named after one country, which is seen as the pure type.¹ This is often implicitly and sometimes explicitly acknowledged as the model for the whole family. The main limitations of the available typologies concerned the selected institutions, the selected indicators to grasp relevant differences and similarities between countries on that point and the data on which classification is based. In addition, studies generally cover a small number of countries, sometimes clustered in a specific part of the world.

As for institutional transplantation itself, the categories distinguished in the previous chapter, with three levels of action, the constitutional, policy area and operational levels and two dimensions, formal and informal institutions (see Table 1 in Chapter 2) suggest that a pertinent clustering should be based on indicators relevant to that category of institutions.

Families of nations can be discerned at different levels (constitutional, policy area, operational level), both formally and informally, and the resulting clusters certainly do not always match. A country's legal system may be part of one family, but characterised by value orientations that belong to another country cluster. In addition, a country's characteristics at the constitutional level may diverge from some at the level of policy areas, especially in countries that underwent the influence

of different powers in history. These countries may have taken their legal or political system from one exemplar, while their education or spatial planning systems originate from different models. Even considering one system, borrowing could be from different sources, for example borrowing from one country for family law and borrowing from another for commercial law. In such a case, a country can be called a hybrid.

To grasp possible incongruencies, our review of the literature examines typologies based on different institutional aspects. Section 2 deals with legal families, section 3 with cultural families. Both sections examine this at the constitutional level: legal systems and value orientations, respectively. In turn, section 4 examines how families of nations have been applied to a specific policy area considering both legal and cultural aspects, namely spatial planning. Section 5 discusses the evidence about the relevance between families of nations and institutional transplantation. Section 6 examines institutional transplantation between families and hybridity.

2. LEGAL FAMILIES

2.1 *Families of nations in private law*

In international comparative law, it is customary to distinguish a number of distinct legal families, especially in private law (Damaska, 1986; Zweigert & Kötz, 1998; David & Jauffret-Spinosi, 1992; Örüü *et al.*, 1996). Most legal scholars point to the notion of 'legal families' based on origin. France has disseminated its Napoleonic principle of unitarism and the *Code Civil* to a number of neighbouring countries. The same is the case for England, which exported its legal system to large parts of the new world. Most authors on European legal systems end up with families of which the British common law group is by far the most distinct one, for it has no written constitution and applies mostly precedent law using analogous reasoning instead of systematised codes.

Instead of using one single criterion or dimension (origin or otherwise), Zweigert & Kötz (1998) refer to what they call *legal styles*. The comparativist must strive to grasp these *legal styles* and to use distinctive traits as a basis for putting legal systems into groups. The concept of style, which originated in the literary and fine arts, has long been used in other fields. Style in the arts signifies the distinctive element of a work or its unity of form, but many other disciplines use this fertile concept to indicate a congeries of particular features, which the most diverse objects of study may possess (Zweigert & Kötz, 1998, pp. 67-68). It is this concept of style that underlies their classification of legal systems or 'families'. Historical development certainly plays a part in this, but so do a distinctive mode of legal thinking, specific legal institutions, the choice of sources of law and the ideology (political or religious) lying at the heart of legal theory and practice. With the help of this concept of style, they come up with at least seven different families.

Like most legal comparativists, they stress the main subdivision between the Anglo-American common law group, in which mostly precedent law and analogous reasoning instead of systematised codes are used, and the French civil law group. In the latter systematised codes and strictly categorical reasoning predominate. They also distinguish two other European systems. These systems are the Germanic and the Nordic systems. The Germanic system is also aimed at general systematisation, but phrased in more theoretical, deductive and abstract formulations. The Nordic system is less systematic and more pragmatic than the other Continental systems and lacks a complete legal code (Zweigert & Kötz, 1998; Newman & Thornley, 1996). Other legal comparativists lump the Western legal styles together in two groups, Anglo Saxon or Common Law and Continental or Civil Law, because they reason that Roman, Germanic and Nordic systems are not sufficiently distinct from each other or have blended too much to justify their dividing up into separate styles (Damaska, 1986; David & Jauffret-Spinosi, 1992).

Apart from those Western legal styles, Zweigert and Kötz (1998) distinguish the following three styles: (1) the (ex) Soviet or Communist systems, in which the party line is imposed from above and civic liberties give way to ideological considerations, (2) the religious or theocratic legal systems (Muslim or Hindu), where precepts, examples and acts from holy books as interpreted by modern day law makers and pundits prevail over civic liberties, and (3) the Far East or Confucian legal systems, which are not so much systems as they are decent modes of living and moralities suggested to virtuous citizens. Very few pure representatives of those legal systems are in actual existence, for most in reality are in fact mixtures of indigenous or embraced ideological, religious or moral practices and common law or civil law. Other Western hybrids² include Scotland and Quebec, which enjoy some legal autonomy and legal specificities inside their state and display a blend of Civil and Common Law influence. Meanwhile, Greece, Turkey and other countries in the Balkans represent a mix of Roman and Germanic characteristics. Finally, the current legal status of most Eastern European countries may be included in the Germanic family. This is after over a decade of swift conversion to respectable rule-of-law democracies and some strong pressure coming from the European Union.

2.2 Families of nations in public law

To classify countries, it is also possible to focus on formal elements of the organisation of the state. Examples include classifications based on the distinction between presidential and parliamentary regimes, between Westminster and consensus models (Lijphart, 1984, 1999), differences between party systems (Sartori, 1976), patterns of interest mediation (Lehmbruch & Schmitter, 1982) or welfare regimes (Esping-Andersen, 1990, 1999)³. One-dimensional classifications, however, are likely to lead to distinctive clusters that may not be relevant to other aspects or to longer periods of time. A typology based exclusively on state territorial organisation would, for example, distinguish four categories inside the European Union. These categories are federal states (Germany, Austria, Belgium), regionalised unitary states (Spain, Italy and France), decentralised unitary states (Sweden, Finland, Denmark, the Netherlands)

and centralised unitary states (UK⁴, Portugal, Greece, Ireland, Luxembourg) (Loughlin *et al.*, 1999; Mamadouh, 2001).

Table 1: Families of states according to Loughlin

	<i>Anglo-Saxon (no state)</i>	<i>Germanic (organistic state)</i>	<i>French (Napoleonic state)</i>	<i>Scandinavian (mixture Anglo-Saxon and Germanic)</i>
Is there a legal basis for the 'State'	No	Yes	Yes	Yes
State-society relations	Pluralistic	Organicist	Antagonistic	Organicist
Form of political organisation	Limited federalist	Integral / organic federalist	Jacobean, 'one and indivisible'	Decentralised unitary
Basis of policy style	Incrementalist 'muddling through'	Legal corporatist	Legal technocratic	Consensual
Form of decentralisation	'State power' (US); local government (UK)	Cooperative federalism	Regionalised unitary state	Strong local autonomy
Dominant approach to discipline of public administration	Political science /sociology	Public law	Public law	Public law (Sweden); organisation theory (Norway)
Countries	UK US Canada (but not Quebec) Ireland	Germany Austria Netherlands Spain after 1978 Belgium after 1988	France Italy Spain (until 1978) Portugal Quebec Greece Belgium (until 1988)	Sweden Norway Denmark

Source: Loughlin, 1994, p. 231; Loughlin & Peters, 1997, p. 46.

Loughlin's more elaborated typology accounts for six indicators (constitution, state-society relations, political organisation, basis of policy style, form of decentralisation, approach to public administration) and may be of wider relevance (see Table 3.1). He distinguishes four traditions or 'families of states': the Anglo Saxon, the Germanic, the French and the Scandinavian ones, that correspond to the Western legal styles presented above. Though Loughlin's framework covers only European countries, they have tentatively placed the United States and Canada in the Anglo Saxon group, in spite of the fact that these systems are distinctly federal. They make no mention of

Australia, which is also federalised, and New Zealand, which presumably comes closer to the British position. Unfortunately, to our knowledge, no systematic data of the same kind are available on non-Western countries.

3. CULTURAL FAMILIES

3.1 *Civilisations*

Culture itself is hard to measure, but some authors have made a serious attempt to capture it by describing or measuring it through different dimensions. Atlases and geographical handbooks often feature cultural maps that divide the world into macroregions (see also De Pater *et al.*, 2002) on the basis of indicators such as religions, languages or ideologies. Such broad classifications are used in the influential and controversial thesis of the 'clash of civilisations' put forward by Samuel Huntington in the 1990s to predict future conflicts between states. According to Huntington (1993, 1996), civilisation allegiance is replacing the ideological divide that faded with the collapse of the Soviet Union and the end of the Cold War. He predicts more numerous and more severe conflicts on the cultural fault lines separating civilisations. Despite the alleged evident nature of civilisations, he has difficulties to decide how many civilisations there are. First, there were seven or eight in his 1993 article, and then nine in his 1996 book. These are the Western, Confucian or Sinic, Japanese, Islamic, Hindu (Slavic-) Orthodox, and Latin American. The eighth civilisation is the African, and the ninth is Buddhist. Incidentally, Huntington examines countries where the elite tries to westernise their society while the masses stick to their original civilisation (countries such as Turkey and Mexico). These countries are identified as torn countries and he sees such trans-civilisational transplantation as predestined to failure.

3.2 *Surveying value orientations*

Other studies have taken a completely different stance to assess cultural differences as they try to discover national patterns of value orientations. Probably the most publicised research program along these lines arose from the surveys conducted by the Dutch social scientist Geert Hofstede from the beginning of the 1970s onwards among IBM employees across the world (1980, 1991, 1993, 1995). His data are structured by these four dimensions:

- PDI: the power distance index (related to the acceptance of hierarchical role differentiation)
- UAI: the uncertainty avoidance index (related to the urge to avoid uncertainty)
- IDV: individualism (confronting individual against collective orientations)
- MAS: masculinity (which confusedly is supposed to grasp both gender role differentiation in general and the importance of competition as masculine value, as opposed to quality of life which is feminine)

In *Culture's Consequences* (1980, p. 336) he divides the countries included in the surveys into the following eight clusters:

- *More developed Latin countries* with high PDI, high UAI, medium to high IDV, medium MAS: Belgium, France, Argentina, Brazil, Spain and possibly Italy.
- *Less developed Latin countries* with high PDI, high UAI, low IDV, low to high MAS: Colombia, Mexico, Venezuela, Chile, Peru, and Portugal.
- *More developed Asian countries*, with medium PDI, high UAI, medium IDV, high MAS: Japan.
- *Less developed Asian countries*, with high PDI, low to medium UAI, low IDV, medium MAS: Pakistan, Taiwan, Thailand, Hong Kong, India, Philippines, Singapore.
- *Near Eastern countries* with high PDI, high UAI, low IDV, medium MAS: Greece, Iran, Turkey, and possibly Yugoslavia.
- *Germanic countries*, with low PDI, medium to high UAI, medium IDV, medium to high MAS: Austria, Israel, West-Germany, Switzerland.
- *Anglo countries* with low to medium PDI, low to medium UAI, high IDV and high MAS: Australia, Canada, Great Britain, Ireland, New Zealand, U.S.A. and possibly South Africa.
- *Nordic countries*, with low PDI, low to medium UAI, medium to high IDV, low MAS: Denmark, Finland, Netherlands, Norway, Sweden.

Later on, after inclusion of a Chinese survey, a fifth dimension emerged. This dimension was long term orientation (LTO), which is based on the opposition between short and long term gratification, between truth and virtue (Hofstede, 1995, pp. 8-9). Here, the divide between some East Asian countries with a high score on long term orientation (Japan, China, Korea, Taiwan, Singapore and Hong Kong) and other Asian countries with a low score (Pakistan, Philippines, Bangladesh) became quite obvious, tearing the unified group of Asian countries apart. In addition, in the more recent publications, the number of the countries in which surveys were held rose to 53 (Hofstede, 1991, 1995).

Similar attempts to map national differences in value orientations have been performed. These include analyses based on surveys and interviews with managers in firms across the world³ (such as Hampden-Turner & Trompenaars, 1992, 1997 and Trompenaars & Hampden-Turner, 1999) and analyses based on cross-national surveys such as the Eurobarometer surveys or the World Values Surveys (such as Inglehart's work on postmaterialism, 1977, 1990).

Apart from these examples, political culture has attracted the attention of political scientists since the seminal book *The Civic Culture* (Almond & Verba 1963). Political culture is generally seen as the explanation for the fact that look-alike formal institutions produce different outcomes (in that case, surveys were held in five countries: USA, UK, Mexico, Italy and Germany). Comparative studies of political culture have also demonstrated variations inside countries, for example Elazar's typology of American states based on three political cultures (moralistic, individualistic and traditionalistic) (Elazar, 1965, 1970, 1994), or Putman's

assessment of Italian regions based on civic traditions (1993). Such studies account for a broad range of indicators in the field (including interviews with key persons, socio-economic statistics, political history, opinion polls etc.). However, studies that account for a broader number of countries generally deal with mass attitudes like Almond & Verba did.

3.3 *Anthropological and demographical structures*

Another fascinating typology is the one provided by the French demographer Emmanuel Todd who introduced the family structure as a structural variable in explaining differences in cultural, political and economic development. He characterises family systems on two basic dimensions. These dimensions include authority relations between generations and equality between brothers. In his many publications, he discloses the association of certain family systems with certain ideologies and socio-economic changes. Although he applies his framework globally (1983, 1984) his most detailed work deals with regional variation in France (1981 with Le Bras, 1990a) and in Europe (1990b) where he also examines the adoption of Reformation, secularisation, literacy and industrialisation at the regional level. More recently, he also applied these differences in family systems to explain differences in the course of the assimilation process of immigrants (1994) and the ways to organise capitalism (1998).

The family structures are measured through ethnographic data about cohabitation between generations and inheritance practices (equality being characterised by equal shares between children, inequality by first-born inheritance or free choice). The main family types are as follows:

- The absolute nuclear family (non-authoritarian and non-equal),
- The egalitarian nuclear family (non-authoritarian and equal),
- The stem family (also called the authoritarian family, authoritarian and unequal),
- The (exogamous) communitarian family (authoritarian and equal). In his worldwide studies he also distinguished this exogamous communitarian family from the endogamous and the asymmetrical communitarian family systems.
- The anomic family characterised by uncertainty about inheritance patterns,
- The African family systems characterised by instability and polygyny.

A world map published in *The explanation of ideology* (Todd, 1985, a translation of Todd, 1983) gives an account of their geography:

- Eurasia is dominated by the communitarian family (Russia, the Balkans, China, Mongolia, Vietnam, and the north of India).
- North-Africa and the Middle East (including Pakistan, Turkey and the Islamic republics of the Soviet Union, but excluding Israel) are characterised by the endogamous communitarian family.
- Sub-Saharan Africa is dominated by the African family systems, except in South Africa.

- Australia and New Zealand are dominated by the absolute nuclear family.
- North America is dominated by the absolute nuclear family.
- Central America and the Andes countries are characterised by a mix of egalitarian nuclear family and anomic family.
- Non-Andean South America is dominated by the egalitarian nuclear family.
- South India is dominated by the asymmetrical community family.
- South East Asia (but not Vietnam) is dominated by the anomic family.
- The Far East (Japan and Korea) is characterised by the stem family.

By contrast, Europe is very diverse. Whether this is partly caused by the larger availability and diversity of sources or not, remains unclear. The countries fall as follows:

- The stem family is found in Germany (but not in the Rhineland), Belgium, Austria, Switzerland, Sweden, Norway, Scotland, Wales and Ireland, as well as in peripheral regions in France, the North of Portugal and Spain, Bohemia, Croatia and Slovenia, and Israel.
- The communitarian family is found Finland, Slovakia, Hungary, Serbia, Albania, Bulgaria but also in Central France and its Mediterranean region and in Central Italy.
- The absolute nuclear family dominates in England, Denmark and the Netherlands (the latter with some regions dominated by the stem family) and in the Western part of France.
- The egalitarian nuclear family predominates in the North of France, in the South of Italy, the South of Spain and Portugal, but also in Poland Rumania and Greece.

Family structures determine basic value orientations (comparable to the ones addressed by Hofstede's dimensions presented above) and therefore constrains the adoption of new developments. Todd's indicators allow for more variation inside states than legal indicators. Nevertheless, it is striking that the Common Law countries are clearly identifiable as the countries where the absolute nuclear family is predominant (both in Europe and in regions of European settlement), while distinctions between the Roman and the German legal families follow the divide between egalitarian nuclear family and stem family. Likewise, the countries belonging to the Arab Ottoman Islamic cluster are the ones where the endogamic community family predominates. While mixed family structures in the Netherlands may recall its transitional position between the different continental legal families, mixed family structures in France did not prevent that country from becoming the typical example of the Napoleonic legal cluster.

4. FAMILIES OF NATIONS AND PUBLIC ADMINISTRATION

From the typologies of families of nations presented in the preceding sections it can be concluded that the empirical evidence for their existence is only partial. Most of these typologies are based on a very narrow empirical basis. Besides, non-Western

countries are generally neglected. There are also some contradictory findings with clusters differing from one classification to the other (especially when one zooms into European subdivisions). Nevertheless, broadly accepted distinctions emerged. First, that the legal distinction between common law and civil law countries and the corresponding cultural divide between the Anglo-Saxon world and Continental Europe exists. Second, cultural typologies underline regional differences that should not be neglected in borrowing practices.

Broad families may correspond to our common sense perception of the world, but they are hardly specific enough when one discusses transplantation in a particular field. In the field of spatial planning, two recent studies have shown how legal and administrative families are relevant to institutional borrowings. Peter Newman and Andy Thornley (1996) dealt with international, national and local forces in new urban planning strategies (with case studies from Britain, France and Sweden). Meanwhile Martin De Jong (1999) addressed the adoption of transport infrastructure decision-making ideas from other countries (with case studies from Switzerland, Germany, the Netherlands, England the USA and France). Both of these studies examine the legal and administrative literature for typologies of families of nations, while anticipating different planning practices in these different families.

Newman and Thornley (1996) contrast the legal and the administrative families of Europe. The existence of four legal families is assumed as follows:

- England, Wales, and Ireland,
- France, Italy, Spain, Portugal, the Netherlands, Belgium, and Luxembourg,
- Norway, Sweden, Denmark, and Finland,
- Germany, Switzerland, Austria, and possibly Eastern Europe;

Two mixed cases include Scotland that belongs to both the British and the Napoleonic families and Greece that belongs to both the Napoleonic and the Germanic families. The four administrative families slightly differ, since Scotland and Greece are no mixed types anymore (Scotland is British and Greece Napoleonic). However, Spain and Belgium are classified as belonging to both the Napoleonic and the Germanic administrative families, and Eastern Europe is seen as a separate family, although in a process of rapid transition.

Newman and Thornley's analysis of the characteristics of these legal and administrative families shows how the characteristics of legal families at the constitutional level impregnate central-local government relations and planning systems (Newman & Thornley, 1996, pp. 27-75).

- The British family is characteristically distinct compared to the rest of Europe. The legal system of evolving case law has its parallel in a planning system in which each planning permission is considered 'on its own merits'. The appeal system ensures central control on local decisions and guaranties conformity to national guidelines from the part of local planners. The British approach to spatial planning embodies an element of conflict in the relationship between local authority and the individual or applicant, in which the two sides are competing to win. However, there are often

negotiations, particularly in larger schemes, where the concept of 'planning gain' appears (Riziotis, 2001).

- In the Napoleonic family⁶, there is a tendency to prepare a national code of planning regulations and to create a hierarchy of plans, starting from higher levels going down to more detailed plans of smaller scale and a zoning approach in land uses. In some countries, such as France and the Netherlands, the actual implementation of such models tended to be taken more seriously than in others, such as Belgium and most South European countries.
- Planning regulations in Germanic countries tend to be very strict. They also ensure a strong regional level of planning with its own laws, plans, guidelines and agreements in order to achieve consensus between and within different tiers of government. This results in considerable variation in the planning process between regions but within a strong national framework.
- The Nordic planning family is probably the most decentralised in Europe, with a national level reduced to a minimum (as it concerns responsibilities and involvement in planning), a comparatively weak regional planning level, and a strong local planning level, focusing on municipalities.

The existence of a match between the constitutional level and the policy area level is also evidenced in De Jong's cross-national comparison of six transport planning systems (1999). His study deals explicitly with the correspondence between legal and cultural families and reveals for five of the six countries under study (Switzerland, Germany, France, England, and the United States) a strong correspondence between their position in legal and cultural typologies. His study shows that in the Netherlands the informal desire for decentralisation and democratisation was stronger than the legal style allowed and that informal decision-making processes were much more flexible and opportunistic in that country than the membership of the Napoleonic legal family would suggest. In England, the legal and cultural systems did match, but another complication arose. Both at the constitutional and the policy area levels, centralised public law has not allowed for far reaching federalisation and democratisation in spite of the existence of widespread cultural support for such a trend. This has made relationships between the various tiers of government and public and private policy actors rather acrimonious.

Although the partial and tentative character of the evidence requires caution, we can conclude that 'families of nations' is a meaningful concept. As these examples from spatial planning suggest, characteristics in specific policy fields are generally tied to those at the constitutional level. However, these ties are probably becoming weaker, as multilateral borrowing increased in many policy areas in recent years. Yet, do those families matter in the practice of institutional transplantation?

5. INSTITUTIONAL TRANSPLANTATIONS INSIDE AND BETWEEN FAMILIES

Although the term 'institutional transplantation' is not commonly used, except to a certain extent in the legal literature (see Chapter 1, Note 4), empirical work on institutional borrowings is not that unusual. Studies often focus on one case and analyse the adoption and the implementation of a specific innovation or the diffusion of a new idea or concept in a specific policy field⁷. The term 'transplantation' itself, when used, refers more often than not to borrowings crossing cultural lines, i.e. transplantations between families. Since most of the relevant literature is not comparative, it is not easy to assess whether transplantations between families are less common, more demanding and/or less successful than transplantations between members of the same family. While borrowings between family members are more common (they are the very reason of the existence of the family!) transplants across family boundaries seem to attract more academic attention, being framed as a problem or an anomaly.

Most publications on institutional and policy transfer nowadays have focused on processes of transplantation within the Anglo Saxon world (Rose, 1991; Bennett, 1991; Robertson, 1991; Hoberg, 1991; Dolowitz, 1999; Hulme, 1999; Nellis, 1999; O'Neill, 1999; Ward, 1999; and Stone, 2000). Often the British, Canadians, Australians and New Zealanders follow American exemplars closely and are keenly aware of developments there, to which they variably show positive and negative affinities. They may occasionally eye to policy models present in one of the others (Britain to Australia or vice versa), but the US normally tops the agenda, either as a positive or as a negative example. And when British civil servants considered the Australian version of the Child Protection Agency, it still turned out to be a mutant from the American original (Dolowitz, 1999). With regard to environmental regulations, Hoberg (1991) even compares the Canadian position to one that is sleeping with an elephant. Proximity, economic and political dependence and cultural similarity make adopting US models unavoidable. On the other hand, in the field of planning, Ward (1999) remarks that Canadian planners became selective borrowers because they could compare British and American traditions against each other. Referring to experience abroad by US policy-makers is by contrast much less common, though it does incidentally happen (Robertson, 1991).

Some transplants become successful, others don't. The result of the British National Health System following demonstrably American precepts was a very mixed success due to fundamental institutional differences (O'Neill, 1999). While the Australians gladly adopted their version of the American Freedom of Information Act (FOIA), British policy-makers continued to reject it because it would give journalists too much power vis-à-vis civil servants (Bennett, 1991). Though the authors do not draw this conclusion themselves, it appears that generally family affinity does lead countries to be more familiar with each other's developments. It does not always make them desire these developments, and if it does, institutional differences at any of the action levels may make transplantation harder or less effective than foreseen.

When considering processes of institutional replication within other families, we do not have much evidence of their success and the evidence we do have is not very encouraging. The lasting attempts of Spanish rulers to transplant French Jacobinism (Moreno, 2001) never succeeded in transforming Spain into one centralist nation-state.

If transplants coming from the very same 'family of nations' occasionally fail, at times policy institutions taken from very different legal or cultural backgrounds happen to work out and may even be at least as effective in the host country as in the donor country (Westney, 1987; Jacoby, 2000). In Spain again, the adoption of German constitutionalism in the post Franco period can be seen as successful (Haywood, 1995). On the other hand, the transfer of Western technologies or political institutions to developing countries often went wrong. As Gyawali (2001) shows in his account of the transfer of large-dams hydro technology to Nepal, the institutional mismatch between a new large-scale technology and the host social environment was overlooked by Nepalese water agencies and their foreign partners, the World Bank and Western non-governmental organisations. The limitations to an extreme 'anything goes' interpretation also become obvious in 'Don't try this at home? A New Zealand approach to public management reform in Mongolia', in which Rob Laking (2000) demonstrates what complications models of financial management taken from his own country encounter when they are adopted by policy makers in a transitional economy and culturally quite distinct society from new Zealand's as Mongolia is. Questioning commitments made by higher officials, adhering too rigorously to financial stringency, persisting politically in banning off-budget spending do not come naturally in Asian Post-Communist societies. Allen Schick (1998) even went so far as to explain 'Why most developing countries should not try New Zealand's reforms.' Here too, the how and why of failure and success between families are not so easy to assess.

Interestingly, even though differences in legal and political traditions and cultural value systems between countries clearly matter for the transplantability of concepts and institutions, (Perrucci, 1994; Özücü *et al.*, 1996), congruence is evidently more complicated than sticking with 'like-to-like'.

Consequently, the classification of host and donor into specific families of nations should be used cautiously. On the one hand, different affiliations should alert the parties involved in the transplantation process to be sensitive for 'goodness of fit' problems. On the other hand, a shared membership should not allow adopters and implementers to forget adaptation problems, as transplantations inside the same family are not necessarily effortless.

6. FROM TRANSPLANTATION INSIDE FAMILIES TO CROSS-FAMILY HYBRIDITY?

While the notion of family of nations largely relies on past institutional borrowing between members of the same family, institutional transplantation seems to evade more and more the circles of the family. Are cross-family borrowings more common than in the past? Is there some global congruence going on, and if so, is there one

model in that new globalised family? Are new families emerging? An even more fundamental question arises. Is institutional borrowing not undermining the very notion of families of nation?

Historically, institutions have often been imposed on conquered territories and peoples. The Roman Empire introduced its laws to its provinces. In turn, Napoleon brought his Roman based civil code and family law, as well as conceptions of the unitary state, to large parts of Europe. Later on, in the colonial era, they were also superimposed onto customary law in many subjugated African and Pacific territories. Things worked very similarly with the Common Law system, which the British exported in worlds as far apart from each other as North America, Southern Africa, the Indian subcontinent and Australia. The previous two examples refer to the export of formal legal systems, but value systems can also be exported. Islamic believers and fighters converted a zone ranging from Morocco to Indonesia to the teachings of the Prophet and had a strong influence on religious and moral convictions in these territories. Han Chinese originating from Northern China expanded their Confucian values much further into South-eastern Asia through demographic and migratory developments (Landes, 1999). Last, but not least, Christian conquerors, traders and missionaries from European powers spread religious and moral values to alien soils, such as Latin America and parts of Asia and Africa.

Even in those days, forced conversion to foreign institutions was not the only mode of diffusion. Willing and voluntary imitation of models and practices perceived as (belonging to the) successful and powerful played just as big a role. In addition, some actors in the dominated provinces were no less than eager to mimic their conqueror's ways. Some of the Celtic and German tribes, defeated by the Romans, held Roman lifestyles in high regard and adopted several of their cultural practices. Later on, despite strong resistance, Northern Europe fell under Catholic sway and converted to Christianity.

Sometimes, militarily dominant powers even acknowledged their cultural inferiority to those they had conquered. The Romans borrowed much from the Greeks they had subjected. They adopted their language, philosophy and cultural ethos. At this historical stage, groups of nations were formed around each main military and/or imperial power, being conquered by, subordinate to, allied with or otherwise related to it by common culture, ethnicity or religion. In the course of time, the composition of these groups went through changes, mainly as it concerned its 'peripheral' members/nations, usually following the changes in the power balance of the leading powers. In many cases, tomorrow's leading powers arose from the ashes of yesterday's periphery (Quigley, 1979). In Europe, despite these changes, the Great Powers were relatively stable and the group of nations around them formed several regional blocks. The names attributed to these families vary depending on the author, but a distinction could be made in the British or Anglo-Saxon, the French, the German, the Russian and Nordic spheres of influence. Elsewhere in the world, the Ottomans, the Persians, and even more the Chinese, Arabs, both bearing different names depending on the dynasty, and descendants of European colonists in the Americas had large spheres of influence. Institutional transplants were usually taken from among the members of one's own family,

which, inevitably, bore strong similarities in their military structures, political, legal and administrative systems and wider cultural practices.

With the advent of democracy in many states in the Western world and the creation of new states elsewhere after an, often, protracted struggle for decolonisation, institutional borrowing was more often set in motion by volition and less by imposition. Political and policy actors which believed that self-improvement was possible and desirable looked out for institutions from other countries they thought performed well. Still, institutional models seemed more readily available and safer to transplant if they originated from within the same family. During this period, that lasted until the last decades of the 20th century, institutional structures were highlighted as ensembles of rules that had evolved historically and displayed certain traditions. These traditions or styles were to a large extent reflective of underlying societal and administrative value patterns people were familiar with, whereas transplants derived from other traditions were more risky and necessitated a very cautious approach.

At the end of the 20th and the beginning of the 21st century, the great socio-political changes in Eastern Europe and the former Soviet Union coincided with the development of new information and communication technologies, in a powerful combination that drastically altered global information exchange (Castells, 1996; Held, 1996; Held, McGrew, Goldblatt, & Perraton, 1999). It also boosted the need to improve local conditions to compete on global markets, a phenomenon known as policy-competition. Institutional transplantation as a contemporary phenomenon seems to be stimulated by globalisation, since there are more opportunities to look out for and borrow apparently successful institutions and promising policy solutions from other countries. These countries often no longer belong to the same family. Transplantation has acquired more and more characteristics of multilateralism and cuts across legal and cultural families of nations. This is not to say that all countries have an equal share in the import and export of models, but it does mean that a greater number of options is available for those looking out for variety from outside of the cosy and familiar 'family-club'. It is remarkable, in that regard, that in a more recent publication on comparative public policy in Western democracies, Castles (1999) completely ignores the term 'families of nations' that he had earlier embraced (1993). It seems that the patterns do not match the families or at least no longer do so. In a recent article on openness of national government and administration web sites across the globe, La Porte, De Jong, & Demchak (2002) come to a similar conclusion:

(...) in an era where globalization and international harmonization of regulatory regimes are gradually undermining national institutional distinctions, especially in policy domains under strong international influence, the predictive power of 'families of nations' becomes of less importance. Public officials in all countries are increasingly inclined to borrow policy solutions from wherever they think fit and with whoever they happen to be in touch. Some of the web masters we have interviewed actually mentioned how they looked for foreign websites they thought were useful, after which they contacted their designers to seek suggestions. They sought technically good options rather than solutions that made sense institutionally or legally. This phenomenon may seem theoretically unsatisfactory for those specialized in cross-national comparison of political and administrative systems. However, it is major

potential importance when new types and formats of communication and decision making between the public sector and citizens develop outside the traditional legal-administrative channels, especially when they have not been modeled after them. It is something most legal theorists and student of politics and government currently overlook (La Porte, De Jong, & Demchak, 2002, p. 438).

Awareness of institutions in existence elsewhere sometimes proves extremely helpful in solving problems at home. In that sense, they often correspond to productive lesson-drawing or rational policy shopping. On the other hand, policy transfer regularly takes the shape of catching up with policy hypes and then the possible structural, cultural and other consequences in the host country are largely disregarded. It goes without saying that these novel practices of cross-system borrowing increase the level of hybridity in legal and cultural systems, making the concept 'families of nations' potentially obsolete. This begs the question if families of nations are gradually being replaced by a world without clear patterns or whether new patterns are evolving, more along the lines of what Therborn has described as deliberate co-ordination, affinity groups and partnership (see above in the first section). In that case, historical patterns of genealogy are weakening and partnerships are on the rise. It is precocious to take any definitive stance here, but should the argument in recent publications by Knill (2001) and Héritier, Kerwer, Knill, & Lehmkuhl, (2001) on European integration ('change and persistence in institutional patterns', 'differential Europe') be valid, new regional blocks are under construction in various parts of the world. The force of international policy-competition drives countries to harmonise their policies and establish supranational or intergovernmental organs, which grow increasingly powerful and permeate national institutional frameworks more and more. It is the political variant of glocalisation under the aegis of new regional blocks, but without a clear core state.

Much influence within Europe is exerted through European Union channels, which makes it notoriously complicated to track down who exactly was at the cradle of new policies. Policy formation takes the shape of a process of multilateral exchanges with multiple mental parents in which various families are synthesised. Though the involved countries are certainly not growing identical, some sort of policy convergence is indeed occurring (Majone, 1991; Radaelli, 2000; Héritier *et al.*, 2001; Knill, 2001; Faludi & Waterhout, 2002; Faludi, 2002). In the case of the European Spatial Development Plan, recorded by Faludi & Waterhout (2002), it is clear that in its long process of development, many ideas that found their way into the document were generated by the Germans, the Dutch and the French, which are considered most advanced in their national planning systems, while the English, Danes and Walloons are recognised as eager borrowers from ESDP for the further development of their national spatial planning systems. Conversely, Germany, the Netherlands and France, who apparently feel it was their mental product anyhow, hardly refer to it at all in their national practice. In fact, France has recently been pushing a document on 'territorial cohesion', which can be seen as a rival to ESDP. Whatever may be exactly the case, the European Union typically is a force leading European countries to some form of policy convergence. This is not only due to the 'objective' force of European legal regulations, but also because national representatives utilise the argument of the need for European integration

strategically in the national arena (Radaelli, 2000). Furthermore, non-EU Member States are quite aware of developments there and sometimes harmonise their policies voluntarily. It is still too early to say whether Europe will be a future family, but processes of institutional transplantation in Europe have become less and less dependent on any of the four styles present in it and more and more on generating something new and amorphous. This certainly changes the demarcation lines between families as well as issues of suitability and congruence.

7. CONCLUSIONS

Summing up, families of nations based on common descent (lineage and siblings in Therborn's terms) are fading away, because of the very generalisation of institutional borrowings. Meanwhile, families based on common destiny and on common institutional design processes (affinity groups and partnerships), such as the European Union, are on the rise. Multilateral lesson drawing has become more meaningful to institutional transplantation.

This means that 'goodness of fit' between existing institutions in donor and host cannot be predicted anymore in general terms based on common past experiences and that time-consuming and painstaking detailed assessments are necessary. This book therefore offers a collection of case studies of transplantation processes at different levels, in numerous policy domains and from diverse donors to a variety of hosts. The case reports are grouped in three broad groups according to the number of models (one or many) and if there is only one its origin. For that purpose, we retain the widely acknowledged and broad distinction between families of nations, whose legal systems are characterised as Common Law and Civil Law, respectively. This results in the following sections:

- Case reports about transplants from civil law countries (France, the Netherlands or Germany),
- Case reports transplants from common law countries (the United Kingdom or the United States, or the Anglo-Saxon world at large), and
- Case reports about transplants with multiple models.

The continental and the Anglo-Saxon transplants include cases with hosts of both the same and a different 'family' as their donor, while multiple donors cases always involve more families.

NOTES

1 This is not necessarily the case, for example Esping-Andersen's three types of welfare regimes in advanced capitalist countries are labelled liberal, corporatist-statist and social-democratic (1990, 1999)

2 About legal hybridity see the collection of essays in Özücü et al., 1996.

3 See the comparative handbook (Lane & Ersson, 1994) for many more scores on many such dimensions for Western European countries.

4 The recent devolution of powers to Northern Ireland, Scotland and Wales might justify a shift in the classification of the United Kingdom, also it applies to special regions only.

- 5 The issue of cross-cultural management is evidently of vital interest to transnational corporations. See also D'Iribane (1989).
- 6 Greece, Spain and Belgium are discussed as members of this family.
- 7 *Ius sanguinis* was introduced in the French Code Civil in 1804 as an alternative to the feudal *ius soli* to establish the relation between individual and the state; it was subsequently adopted in many European countries: Austria (1811), Belgium, (1831), Spain (1837), Prussia (1842), Italy (1865), Russia (1864), the Netherlands (1888), Norway (1892) and Sweden (1894) during the nineteenth (Weil, 2002, pp. 188-197). This includes countries in other legal families than the Napoleonic one. But as the example shows, this broad adoption of the same model by jurists all over Europe took place over a long period of time. Information and communication technologies have considerably speeded such diffusion process.

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PART II

TRANSPLANTS FROM CONTINENTAL EUROPE

MARTIN DE JONG

RIJKSWATERSTAAT

A 1798 French Transplant in the Netherlands two centuries later

1. INTRODUCTION¹

Rijkswaterstaat, a Directorate-General of the Dutch Ministry of Transport and Waterworks today, is in charge of construction and maintenance of roads and waterways. However, its roots date back to 1798. This means that its origins stem back to the Batavian Republic (1795 - 1806) when the Netherlands was a tributary vassal state of France. During this period, the seven sovereign Dutch provinces, which had regular meetings in The Hague in the so-called States-General relinquished ever greater degrees of independence, especially under the rule of Grand Pensionary Schimmelpenninck.² The Batavian Republic preceded the subjugation of the Northern Netherlands to the monarchy of Louis Napoleon (1806 - 1810), the emperor's brother and, finally, even a brief period of total occupation by the French Empire between 1810 and 1813.³

This chapter will look at the ways in which French domination was of great influence on how *Rijkswaterstaat* took form. This institutional adaptation may have been impressed upon the republic but it was functional at the time. The all-too-frequent dike breaks could be handled more effectively by centralised management as it existed in France. Institutional models introduced in that period with regard to infrastructure planning can still shed light on the way in which the Netherlands constructs and manages its roads and waterways today. Since 1798, no major systematic changes have been made to position and ethos of *Rijkswaterstaat*.

In the beginning of the 21st century, however, the French model is much less suited to infrastructure problems the Netherlands faces than it was two centuries ago. Citizens are less likely to think of technical advances as sufficient in combating flooding. They want to be included in decision-making processes when they will be affected by their consequences. They want the consequences of safety interests to be weighed carefully against the quality of the environment. Lower governmental authorities no longer accept a situation in which the state constructs transport links in their region without their consent. *Rijkswaterstaat* has difficulties facing up to these new challenges.

At specific moments in history, people make decisions — and changes take place — that turn out to be irrevocable and decisive for further developments. In social science literature, these moments are referred as 'critical junctures' (Krasner, 1984, 1988). The process in which crucial paths are blazed from time to time and which

frame the future are referred to as 'path-dependent' (Arthur, 1994). In retrospect, the years immediately before and after 1798 can be thought of as such a critical juncture. During that period, there was something of a 'performance crisis'. In this case, the intervention of a foreign power helped to handle the problem, because a French institution was brought in to bolster the failing Dutch system. Now, this once successful system begs questions of effectiveness and legitimacy. More than two centuries later, *Rijkswaterstaat* appears to have arrived at its next critical juncture. Is it possible that the present performance crisis can, once again, be helped by a transplant from abroad, this time with the Dutch authorities making this choice without foreign help?

In this article I will attempt to answer three questions:

- How can we best understand the current organisational form and operation of *Rijkswaterstaat* and its regional directorates in light of its inception in the French period? In other words, what made 1798 a critical juncture? (Section 2)
- What did these organisational forms and methods of infrastructure planning look like in France and the Netherlands in 1998? Did they undergo a parallel development in the past two hundred years or did they follow different paths? (Section 3)
- How does the performance crisis with which *Rijkswaterstaat* is struggling today manifest itself? Is this new millennium a crossroads leading to new paths? Do the French, Nordic and English models offer possibilities for transplantation, this time in the form of a free choice from a variety of alternatives? (Section 4)

2. RIJKSWATERSTAAT IN THE BATAVIAN PERIOD

2.1 Constitutional changes under the French

In the period preceding the French incursion into the swampy, impoverished Republic of the Seven United Provinces, these provinces were unified in spite of the absence of any central authority threatening their autonomy. This federal set-up of the Republic had grown throughout history, but in view of developments elsewhere in Europe following the French Revolution, it was no longer undisputed. Within constitutional and administrative circles, a controversy arose between the more traditional Federalists and the Unitarists, which were inspired by the spirit of enlightenment and state control aired by European and world power France. In general, the Federalists were oriented towards the administrative tradition from which the Seven Provinces had arisen and they were socially conservative. They were content with the decentralised governmental structures and loathed the idea of a government in a capital city by imperialistic emperors or monarchs. In contrast, the more progressive Unitarists were enchanted with the concept 'liberty, equality, and fraternity' and they saw the installation of a strong centralised state as the best possible means to modernise government and society, exactly as it had happened in

France. Post-revolutionary France served as a shining example in the issue of how ideas of this kind could be introduced and spread in the backward swamplands. Until 1795 there was no chance of adopting this model, either in the Northern or in the Southern Netherlands. Among the well-to-do bourgeoisie there was a relative sense of contentment, despite the economic recession, about the status quo and this elite group did all it could to resist change. The French military incursion changed the balance of power between the Federalists and the Unitarists radically, however. France incorporated the Southern Netherlands, which then fell under the authority of Paris while the Northern Netherlands gradually became a vassal state of France. This militarily strategic shift bore enormous constitutional and administrative implications for the Netherlands. In the terms of that time this implied that the Unitarists could defeat the Federalists, at last. The States-General in The Hague were finally elected and no longer had to reach decisions through intergovernmental unanimity. Rather, it could function as a 'supra-provincial' organ, which took over the tasks of the provincial authorities in many policy fields. The provinces were replaced by 'departments' and had to accept that national functionaries who were parachuted into their midst. By means of comparison, the French *préfets* of the *départements* also fulfilled the function of regional representatives employed to implement policies stipulated in the capital. Any competencies vested in new bodies by the king either replaced local government structures or were set up parallel to them. The state-appointed prefect was in charge of the *département* and represented Paris in the region in dealings with the local authorities. In the Netherlands until 1795, it was more or less the very opposite. Sovereignty lay within the provinces; when 'The Hague' spoke, it was in their name. There was absolutely no thought of executing policies imposed by 'The Hague' and organised by state representatives in the region. Between 1795 and 1806, the increase in the centralised power paralleled by the decrease in provincial and local autonomy was characterised by some shifts back and forth under the influence of rival groups with varying degrees of unitarist sentiment. The trend toward the formation of a unity state however, was unmistakable and irreversible, especially after 1806.

2.2 Administrative changes under the French regarding public works

The constitutional shift that took place in the Netherlands during the Batavian period was of more than theoretical importance for the management of infrastructures and waterways. Water engineers who, until that time, had complained that the dikes could not be sufficiently fortified with inter-provincial agreements — because the local government was too fragmented and was hiring in ad hoc surveyors — were given the chance to reform in a way they had long wanted. Systematic infrastructure planning required nationwide coordination. Decorated with the new label of *ingénieur* they could go to work in a bureaucratic, hierarchical and therefore more professional manner. One only has to utter the names *Rijkswaterstaat* ('Imperial Water State') and *regionale directies* ('Regional Directorates') to see straight through to their origins. It is obvious that they were meant to conform to or represent true-to-life copies of the prestigious *Corps des Ponts et Chaussées* and

their executive bodies throughout all of France.⁴ This Parisian office was staffed by highly trained technocrats attaching great importance to comprehensive infrastructure networks and devoted their specialised knowledge to this end.

Table 1: Concise history of the Northern Netherlands in the French period

This list — based on data by Schama (1977), Driessen (1994) and Toussaint (1997) — outlines the most important constitutional and administrative events regarding Rijkswaterstaat in chronological order.

1795-1806: Following a military defeat against the French, the Northern Netherlands came under the rule of a States General dominated by reformers and, later, Grand Pensionary Schimmelpenninck appointed by Paris. During this time they gradually lost their independence from France.

24 May 1798: The Rijkswaterstaat Office was founded and accorded the following tasks:

- the care of river dikes;
- the care of sea dikes and sea defences;
- the care of inland water management (including land reclamation; the construction of roads, canals, and locks; chief supervision of the polder and dike councils and research to improve water engineering machinery).

1799: All important public works and water management activities came under the direct supervision of the state.

1801: The provinces reclaimed a major share of the public works and water management activities.

1806 - 1810: Louis Napoleon, the emperor's brother, replaced Schimmelpenninck and was in charge of the Northern Netherlands. This occurred after the emperor deemed it necessary to annex the Republic more closely to France in view of international developments.

1808: The General Services Division was founded to make Rijkswaterstaat more scientific and systematic. This included the introduction of a range of ranks and positions throughout the organisation.

1810 - 1813: After the English destroyed a large part of the Dutch fleet in 1809, the Northern Netherlands was fully incorporated into the French Empire just as the Southern Netherlands had been in 1795. Louis Napoleon — who had become too popular and was working too independently — was recalled.

1810: The Rijkswaterstaat Corps was incorporated into the French Service des Ponts et Chaussées and the provinces became French départements.

1814: French control over the Northern Netherlands came to an end.

1816: Rijkswaterstaat introduced a new function and rank system. The chief ranking functionary was called the Inspecteur-Generaal who ranked over Inspecteurs, Hoofdingenieurs (Chief Engineers), Ingenieurs (Engineers), followed by Aspirant-Ingenieurs (Trainee Engineers), Conducteurs (Controllers) and Pikeurs (Intendants).

1819: The relationship between the state and the provinces concerning public works and water management was structured in the long term. The most important infrastructure planning activities now came under state control. The provinces took charge of the remainder, all activities deemed of 'provincial importance'.

In order to maintain close supervision of the execution of plans drawn up by technical specialists, the construction of infrastructure was passed on to reliable representatives in the departments. These were not the same as — but operated

parallel to — the normal local authorities. Dobbin (1994) wrote about the French approach to the construction of railways — another infrastructure sector — in the 19th century:

Deputies, ministry officials, engineers and railroad officials saw private decision-making as problematic because it (1) used cost as the primary consideration in decisions, rather than quality and dependability, (2) was oriented to current customer demand, rather than to the nation's long term goals and (3) depended on the unproven technical abilities of private engineers and administrators rather than the proven expertise of state technocrats (Dobbin, 1994, p. 132).

This way of thinking was now gradually introduced in the bosom of the new *Rijkswaterstaat*.

Following the French incursion into the Southern Netherlands, a model was introduced, identical to the French model, which remained in existence there until it was temporarily reunited with the northern Netherlands in 1830. During the subjugation of the Northern Netherlands the road was paved for the regional directorates, which were given the power to implement national policy over the head of the old provinces. The newly acquired position signified a definitive and, to this very day, undiverted shift for domestic government in the Netherlands in terms of decisions regarding physical planning. It marked the often-mourned weakening of the Dutch provinces: in particular, their executive abilities. The French unitary state having been transplanted to the Netherlands, the road was now paved for de-concentration — instead of decentralisation — of infrastructure planning and water management. Thereafter, deliberation processes in the region were carried out by representatives of the central government, and no longer by local government. In other words, in retrospect, 1798 was indeed a critical juncture albeit this series of decisive changes followed a rather bumpy path between 1795 and 1810.

In France and Belgium in those days, the centralised authority was able to exert reasonably good control over the departments and, themselves, could be managed by *Ponts et Chaussées*. But, since the Netherlands was 'only' a vassal state, Louis Napoleon was not about to introduce a system which would only engage the existing provinces for national duties. He chose the safe path by implementing water management and infrastructure around it with national engineers in the region. Herein lies the origin of the phenomenon of 'regional directorates'. The old provinces continued to exist but were reduced to 'policy co-ordinators' and intermediaries between the state and municipalities without any particular authorisation or money with which to undertake any infrastructure activities under their own volition.

3. RIJKSWATERSTAAT AND ITS FRENCH CONTEMPORARIES

3.1 *The Netherlands and the 'Old French Model'*

Much can happen in two centuries. Here, however, very few changes have been made to the administrative model created at that time. Under the leadership of the liberal prime minister Johan Rudolf Thorbecke, the Netherlands adopted a new

constitution and new legislation on municipal and provincial government and administration around 1850. Following this, some degree of autonomy was indeed accorded to the lower authorities, turning the Netherlands into a 'decentralised unitary state' (Toonen, 1987). When the Spatial Planning Act (*Wet op de Ruimtelijke Ordening*) was passed in 1965, the foundation was laid for bottom-up spatial planning, but with regard to infrastructure planning and water management, the regional directorates have always maintained their function as link between The Hague and the provinces, the municipalities, and the water councils (*waterschappen*, functional, democratically elected bodies regulating water quantity and quality). It is these directorates that inventory the need for infrastructure projects and dike fortification in each region and get funded from national *Rijkswaterstaat* to keep up the public works. They assess the socio-economic, transport, environmental, safety and other issues using guidelines developed in The Hague. Following that, they match the projects to the national guidelines, zigzag through the vagaries of intergovernmental politics and spend the funds approved by their the head office.

Although the regional directorates are in regular contact with the provincial authorities, they have not become entwined. In fact, around 1880, each province created its own *Provinciale Waterstaat* which until today remains responsible for a limited number of provincial roads and inland waterways and sees to the maintenance of provincial dikes. Neither the provinces nor the municipalities have the financial means to initiate independent projects of any significant size, to say nothing of standing on an equal financial footing to participate in regional infrastructure projects. It is the state that finances about 95% of all projects. The government's financial share in local and regional infrastructure is clearly reflected in the number of exits per kilometre on the Dutch motorways compared to those on French motorways.

One could argue that, before 1795, the Netherlands was a federation, between 1795 and 1851, a centralised unitary state and, thereafter, a decentralised unitary state — and, as such, has turned the clock back somewhat. However, this does not rhyme with the fact that the financial relationships in this sector (and other sectors) have only become more centralised with time. The lower authorities' tax base is extremely limited and could never cover any special expenditure and, in a comparative perspective, they depend to a very large extent on central grants (Van der Dussen, 1990).

Infrastructure projects listed for implementation will be included in the Multi-annual programme for Infrastructure and Transport (MIT). This is an extended budget that the government sets unilaterally, and which is not binding for any specific group. Its advantage is that projects can be added or subtracted flexibly. However, it keeps the lower authorities in constant financial uncertainty — there is no contractual implementation agreement for them to fall back on. Only that which is included in the budget is certain and that is only made known one year in advance. However, if the national government is behaving unpredictably, the lower authorities are doing the very same either by withdrawing project proposals that had long been awaiting approval or by unexpectedly demanding adjustments resulting from a switch in priorities at the local level. In this way, professionalism in their relationship has suffered and mutual distrust is rife. Unfortunately, in contrast to

what is common in the French polity, there are no dual mandates ('*cumul des mandats*') facilitating intergovernmental networking.

The incorporation of *Rijkswaterstaat*'s as a Directorate-General into the Ministry of Transport and Water management along other Directorates-General has not in the least affected its untouchable position of a 'state with the state' as it is nicknamed in the Netherlands nowadays. *Rijkswaterstaat*'s head office stills plans and implements concrete infrastructure activities and serves as national contact point for all regional directorates. The regional offices, in turn, serve as the muster point for all non-national voices from the region. Only the larger municipalities are strong enough to manoeuvre successfully around the regional directorates (Tegelaar, 1993, p. 53).

In general, the great respect for specialised officials and the hierarchical structure at *Rijkswaterstaat* have largely withstood the test of time. On the other hand, resistance from the general public has increased. Since infrastructure projects and dike fortification are politically deeply sensitive issues — sometimes straight through to the implementation phase, decision-making is often viewed as unpredictable, unprofessional, and slow.

Various experiments have been done with private financing, but private parties found the risks too great and the government was concerned about public outcry against toll roads. As a result, the government has saddled itself with all the financial risks. With the help of a shadow toll system, expected revenues based on projected vehicle numbers on the roads were calculated (Giebels, 1993). Unfortunately, this half-hearted attempt at private financing worked out to be more expensive than public financing, prompting the government to drop such experiments. With a national tradition of free motorways, the introduction of an authentic toll road system is hard to sell to the public.

If we were to call this government model typically French, we would be missing one crucial point. In the past two centuries, much more has changed in France than in the Netherlands.

3.2 France and the New French model

Throughout the years in France, the functioning of a unitary state has resulted in an intertwining of local authorities and national representatives in the region. This has been so far-reaching that the *département* can no longer be viewed as the sole implementer of state policy. In the meantime, it has become a fully-fledged, independent local government; especially after the socialists came to power in 1982 (Page & Goldsmith, 1987). The former prefect was replaced by a *Commissaire de la République* who stands shoulder-to-shoulder with a locally elected official to carry out tasks that do not concern the implementation of national policy. State activities are still performed through the *département* although the political clout of the *regions* has increased. One reason for the intense national – local relationships is the existence of a variety of dual mandates; politicians occupy positions at a number of government echelons. In this way, they can support national interests combined with their service to local objectives (Dupuy & Thoenig, 1981; Mény & Wright, 1985; Chavannes, 2000). Furthermore, there exists one more administrative level — the

région — which, in terms of its scale, falls between the state and the *département*, and which is growing in strength. Much infrastructure planning of any importance takes place in negotiations between the state and the various *régions*, which in general avail themselves of reasonable financial resources.⁵ Financially binding *contrats de plan* are drafted for infrastructure projects to be carried out over the coming five years, offering them a measure of security.

In a more general sense, the administrative philosophy in France has changed such that all public bodies now implement the infrastructure for their own scale, sometimes making co-productions an obvious choice. In 1998, when the Dutch *Rijkswaterstaat* office celebrated its 200th anniversary, the famed *French Corps des Ponts et Chaussées* has already been put to rest and split into a number of component parts.⁶ The idea that policy formulation and implementation can be split up was the most important guideline in this process. Policy formulation is a ministerial task while implementation of conclusive decisions and guidelines has been made independent or can occur privately. According to Lorrain, this idea is couched practically in a longer standing French tradition:

It was inspired by an idea, which has been debated ever since the 17th century: the State's interest in calling on private enterprise is that work gets done and done well. With this reasoning, the question of goods or services should be as important as the question of cost. To be sure of the results obtained, the public authority must call on private companies in solid financial positions; consequently, monopolies or oligopolies are created. It then becomes necessary to distinguish between the construction and operation phases. (...) The concessionaire is subjected to very little supervision in its everyday management of the network, since it is performing with long-term objectives under a long term contract. However, in exchange for these benefits, the company is required to achieve specific results and to guarantee the continuity of operations with which it has been vested (Lorrain, quoted in: Martinand, 1994, p. 37).

Policy formulation concerning infrastructure is now the task of the *Ministère de l'Équipement, des Transports et du Tourisme* (METT), in which the *Direction des Routes* has charge of all road planning alongside the *Direction des Transport Terrestres*, which is responsible for all railway planning. Furthermore, there is the *Conseil des Ponts et Chaussées*, which is still an important advisory council in its own policy area. The organisation of policy implementation has been adapted to an even greater degree. A considerable portion of the practical supervision of construction activities and the implementation of public works is now in the hands of *Sociétés d'Économie Mixte* (SEMs), which, with the help of tolls and loans from state funds and a high degree of autonomy, construct and manage infrastructure. . For inland waterways, there is one, which goes by the name of *Votes Navigables de France* (VNF), while for roads there are several of them. The *Sociétés d'Économie Mixte* (SEMs) for roads are the construction and management companies for the toll roads (*routes à péages*) under private law, for which the shareholders are largely public. They bear such exotic acronyms as AREA, ASF, ESCOTA, SAPN, SAPRR, and ACOBA. The only truly private group goes by the name of Cofiroute. SEMs glean their financial resources from tolls, equity capital or equalisation between the different lines.⁷ They are entitled to make independent loans from resources on the capital market and present themselves as market parties looking to fend off competitors and maintain their monopoly position. In reality, their competitive

behaviour is not all that great in that each group covers a specific area of the country and furthermore gets soft loans from state funds. After all, some enterprises (or geographic areas) are more profitable than others. The state did not permit stiff competition between the SEMs and brought in the *Autoroutes de France* — the great equaliser — to skim profits from the more profitable companies and redistribute it.⁸ The most significant effect of this 'privatisation' is that management issues have been removed from the politicised decision-making sphere. Indications concerning construction run-time do indicate that the SEMs have succeeded in constructing planned roads in just a few years. The *Routes Nationales* — state roads constructed by the *département* and commissioned by the METT — can sometimes take 30 years (METT, 1992; Kolpron, 1993; MVW, 1996). Furthermore, construction and maintenance of roads by the SEMs does not just have advantages over 'classic' public sector operation: SEMs earn little or no money by maintaining their roads well and pay it a minimum of attention, which is their major disadvantage.⁹

But taken as a whole, institutional changes to road and waterway construction in the Netherlands and the ability to introduce reforms independently pale by French standards.

4. RIJKSWATERSTAAT AT A NEW CRITICAL JUNCTURE

4.1 Signals of institutional confusion in the Dutch copy of the old French model

In Section 1, we examined how the conservatism and focus on consensus in Dutch administration led to a situation in which a number of fundamental changes to the system could only be implemented at a pace which was slower than that in surrounding countries and only under the influence of foreign powers.¹⁰ At the very end of the 18th century, French domination brought about the introduction of a unitary state. Halfway through the 19th century, prime minister Thorbecke introduced ideas and doctrines from Germany about 'the organic state', bringing about a number of crucial Dutch constitutional laws — reason enough to speak now of a decentralised, unitary state (Toonen, 1987, 1990). Dutch administrative history in its entirety is infused with sources of inspiration from over the border (Raadschelders, 1995). Right now, the Anglo Saxon approach, with its emphasis on flexibility, financial stimulus, and ad hoc organisations seems to be dominating the current framework (Salet, 1994b; De Jong, 1999).

A lack of understanding and overview of the constitutional and administrative frameworks and traditions characterises the recent changes in legislation (or proposals thereto) in the sectors embracing transport infrastructure and dike fortification. They aim, practically without change, to shorten the decision-making processes by revising the spatial planning regime and declaring decisions taken in the transport, the water management and other sectors prevalent over spatial plans drafted at the local level, even if they are legally binding. The formal objective of these reforms states that various unconnected sectors and trusted procedures should

be engaged in tandem. At the same time, however, this is undermining the spatial autonomy of the municipalities on which the spatial planning framework was predicated. Without ever making the explicit choice to undo its decentralised nature and under the guise of combating NIMBY (Not In My Back Yard) behaviour, a variety of ad hoc laws have been handed down which are systematically cutting back the powers of substantial judgment and control of time allotment from the lower government tiers, pressure groups and citizens (Wolsink, 1993; De Bruijn, De Jong, Korsten, & Van Zanten, 1996). In this way, they do not get the chance to question or sabotage decision-making.

The plea here is not so much to prove the modern day Federalists or Unitarists right. Rather, it is to show that both groups have parallel spheres of influence within the Dutch system and, in some cases, work against each other. Politics and administration in the Netherlands is a mixture of French, German, and Anglo Saxon ideas. This can be refreshing, we can learn from it, and it can provide the kind of vitality that we find in the famous 'Polder Model'. Nevertheless, it requires insight into and awareness of the various traditions. In spatial, transport and water planning, there seems to be a complete lack of understanding about issues such as how the various legislative regimes interconnect, how this affects public participation and speed of decision-making and what can be done to remedy the problems. We see this same lack of insight in the confusion that has arisen around the over and under depletion of public budgets. The Netherlands is traditionally the only country where all transport plans and projects have to be incorporated in spatial plans and are not legally valid without this having been done. Strangely, the judicial and financial deliberation processes are organised independently of each other (De Jong, 1999). In all other countries, spatial planning deliberations fall under sectoral decision-making procedures (instead of vice versa) and thereby maintain the connection with financial planning. Wherever we see a lack of historical, legislative, and cultural awareness of the position of the Netherlands, misconceived notions concerning the organisation of decision-making get a chance to play up (Salet, 1994a, 1994b).

4.2 The penchant for far-reaching innovation

Dissatisfaction about the decision-making process, whether concerning infrastructure planning or dike management, has grown considerably in recent years. People blame *Rijkswaterstaat* for being too technocratic and taking too long to make decisions. The extra laws that have been passed down and the extra funds that have been allocated seem to do little to change this deficiency. The 'old French system' no longer seems to meet the needs of the modern age — which the director general of *Rijkswaterstaat* has confirmed. Technical expertise no longer suffices to meet the social needs of our time. The discussion with interested parties in the society should take a more central role in *Rijkswaterstaat's* culture, and its role one of a facilitator instead of as a colleague commissioner. *Rijkswaterstaat* no longer needs to be a state within a state, but can now become a discussion partner for citizens and pressure groups and can act as a business client for the construction sector (New Year's Speech by the Director General of *Rijkswaterstaat*, MVW 1998).

In a variety of projects aimed at bringing change and reform, studies have been done into how to modernise the decision-making process and intensify interaction with the social environment. The ideas stemming from this, point to a fundamentally different approach to decision-making. Yet, these cannot just run of their own accord; they must first be embedded in the system if they are to find general access and application. A way of making *Rijkswaterstaat* an independent agent is currently being investigated, although there is still a lot of room for choice between various institutional options. The functioning of the English Highway Agency, in particular, which operates at a distance from the Department of Transport, the Environment and the Regions (DETR) enjoys the recent interest and admiration of Dutch policy-makers. The question is whether the embedding process can take place, making use of foreign examples, before the performance crisis does its damage. Applying institutional transplants — this time voluntarily translating constructions from surrounding countries while paying attention to the desirability and suitability to the Dutch situation — offers possibilities. Assuming that a critical juncture will necessitate an adaptation of the institutional structure to the needs of the modern-day, what possible direction can the developments take? We have presented a few alternative models below, based on our fieldwork.

4.3 *Alternative institutional models*

In the previous sections we have characterised the administrative system concerning *Rijkswaterstaat* as 'old French'. It has a large national ministry to formulate policy and finance it, complete with a hierarchical structure and a waning tendency towards technically perfect solutions based on expertise. Construction and management take place through de-concentrated services, called regional directorates, which are continually exposed to political interventions often threatening their operations. The lower authorities are relatively weak, particularly because they avail themselves of little money and compensate this weakness with their power to obstruct via spatial planning. Citizens may share their opinions on a regular basis through hearings. However, as these usually take place at the end of the decision-making process, they have little effect on policy (Huberts, 1982; Huigen, Frissen, & Tops, 1993; WRR, 1994, 1998; Teisman, 1995; De Jong, 1999; Woltjer, 2000).

Innovations introduced into the (new) French system in the past two centuries demand serious attention (see Table 2). For the Netherlands it could mean that, in accordance with the official wishes, there would be a further division between policy and implementation. The head office's tasks involving policy formulation would be absorbed into the central ministry in The Hague. The executive tasks will either be made independent, put into private management with public guarantees, or moved to the regional directorates which are growing together with the provinces or regional organs. In a number of ways, the French model meets the desired future outlook for *Rijkswaterstaat* in that it is faster and more commercial. It also offers more opportunities for decentralised and private input. It can serve as a great source of inspiration for these components. However, it does not cut back on national bureaucracy and citizen's voice is less heard than in the Netherlands, though things

may be in transformation here (Fourniau, 1995, 2001). Moreover, many Dutch citizens are not prepared to pay toll monies, which makes part of this option hard to sell.

Table 2. Potential donors for a new Rijkswaterstaat in the Netherlands

<i>Models</i>	<i>Old French</i>	<i>New French</i>	<i>Nordic</i>	<i>English</i>
Tasks and set-up of the national ministry.	Large and functionally hierarchic	Large and functionally hierarchic	Slimmed-down core department surrounded by autonomous agencies	Slimmed-down core department surrounded by autonomous agencies
Organisations for provision of construction and maintenance	Construction and maintenance still in the hands of <i>Rijkswaterstaat</i>	Construction and management independent and commissioned to toll companies	Construction still a matter for the ministry, maintenance awarded to best-bid contractor	Construction matter for ministry, private funding is demanded; maintenance by public agency
Enforced quality standards for decision-making concerning infrastructure	Technical expertise during the entire project	Technical expertise during deliberations, profitability during construction and maintenance	List of quality indicators to be met in construction and maintenance, set off against price demanded	Private participation and funding required for construction, cost-effectiveness for maintenance
Local government input during infrastructure deliberations	No funds, only blocking spatial planning power	Substantial funds and co-production, little spatial planning	Substantial funds spent on local net-work, and spatial planning power	No funds, and little possibility to counter national programmes
Moments for involvement from interested parties	During the drafting of the plan, but largely to no avail	After drafting the plan during the public inquiry, unless attempted otherwise	During the drafting of the plan, with mixed results	After drafting the plan, during the public inquiry, unless attempted otherwise

However, we can consider others such as the Nordic (used in Sweden and Finland) and English models.¹¹ The Nordic model deviates more from the actual Dutch practice, but encompasses a number of social values embraced by many Dutch people: relatively higher degrees of democracy, decentralisation and a wider range of social values taken into account when planning infrastructure facilities. Finally, *Rijkswaterstaat* can be tempted by the attractions of the English model. In it, comparatively more heed is paid to private participation and cost-effectiveness. Compared to the Nordic model, however, the limited attention to wider social and environmental values, influence of local government and crippled democratic participation, also stand out.

5. CONCLUSION

The appearance of critical junctures in the development of the institutional systems is by definition unpredictable. By taking advantage of historical retrospect, this article recognises the period of the French occupation and rule as a critical juncture in the development of the Dutch public works and water management sector. An irrevocable trend in the direction of centralisation and formalisation of the administration was begun. This was of inestimable advantage in that it could administrate road connections and river basins with a national or inter-regional range as national or inter-regional issues. Unification brought some badly needed modernisation to the Netherlands. Without well-trained engineers, many structural works would never have come to be. This institutional reformation, however, did not take place overnight. The building of a unitary state and the branching out to a national *Rijkswaterstaat* saw much 'o-ing and fro-ing' tween 1795 and 1810, and even thereafter. Federalists sometimes switched relevant positions of power with Unitarists, in some cases turning the clock back a few years. They also had to concede — sometimes by trial and error — that, by 1800, complete provincial autonomy no longer met the needs of the time.

Now, at the beginning of the 21st century, it appears once again that *Rijkswaterstaat* is finding itself at a crucial crossroads. For some time, *Rijkswaterstaat* has been hearing a great deal of criticism — regardless of its undisputed technical expertise — concerning social responsiveness and its dealings with lower authorities. In every respect, the complaints target the results of France's influence on *Rijkswaterstaat* two centuries ago. Technical expertise is no longer sufficient to solve social problems. Local and provincial infrastructures require tailored solutions and deserve to be administrated by local and provincial authorities. Regardless of their stronger influence on the current regulations, Unitarists are meeting with more and more resistance from the modern-day Federalists who are pushing for far-reaching decentralisation. Now too, reorientation will probably result in some 'to-ing and fro-ing'. For instance, it was announced in 1990 that decision-making and financing of local infrastructure and water defences would be decentralised. Yet, very little was done to follow this up in the years that followed, though now devolution of the infrastructure budget (block grants for regional infrastructure projects up to at least a hundred million euros) is indeed under consideration. The value of public influence and broad social dialogue are being met with approval. However, the terms for public appeal against public projects are curtailed and the 'open plan processes' initiated to invite the public to participate in decision-making processes have led to very little demonstrable follow-up. The reconstruction of the institutional framework clearly has not been completed yet. In Section 4, three institutional models were shown that could be used as sources of inspiration to modernise the Dutch system. However, there is one difference between now and 1798: There is no foreign ruler to help break the institutional impasse. The Netherlands must itself go in search of foreign examples it can implement. It is impossible to have institutional frameworks transplanted from the outside, which is inconvenient, because the Netherlands is now responsible for its own modernisation. And as experiences in various policy areas have shown, this is

not the Netherlands' strongest suit due to its consensus culture. But this brings with it one important advantage: institutions to be transplanted can be chosen based on conscious estimates about desirability and suitability. Policy makers and civil servants responsible for spatial planning already seem to have embarked on this conscious lesson-drawing trajectory. February 7, 2002, a one-day symposium in The Hague entitled 'Lessons from France in spatial planning' was organised for Dutch policy makers in which French experts were invited to explicate their spatial planning system. Efforts were made to systematically review what solutions could be adopted from them in the Dutch context. The atmosphere was also one of purposively countering the hegemonic influx of Anglo-Saxon ideas, a tendency warmly welcomed by the French visitors. The eventual success of such initiatives, however, continues to depend on the strength and perseverance of a critical group of players to push these through. In the case of public works, not only the spatial planning framework, but also the transport planning framework of which *Rijkswaterstaat* is a part, need to undergo thorough transformation. This can only be done with sufficient flexibility and consensus (in which the Dutch have consistently high scores) and perseverance and determination to hold on to agreement in administrative reform and to really get things done (which is considerably more alien to them).

NOTES

¹ This article is a substantially reworked version of: De Jong, W.M. (1998). *Rijkswaterstaat (1798 – 1998), na 200 jaar Frans model klaar voor een omwenteling?* *Beleid en Maatschappij*, 1998 (5), 311–323. I wish to thank Pieter de Wilde (*Rijkswaterstaat*) and Pieter Huisman (Delft University of Technology) for their valuable commentary.

² Grand Pensionaries (*raadpensionarissen*) were high civil servants acting on behalf of the States-General. Johan van Oldebarneveldt and Johan de Witt were by far the most renowned ones in Dutch history.

³ The Southern Netherlands roughly corresponds to modern day Belgium. The 'Spanish Netherlands' were officially split from the Northern Netherlands in 1648, after which the two largely went their separate ways.

⁴ This is regardless of the fact that historical sources seldom point explicitly to a French origin. That changed after Louis was called back to Paris by his more powerful brother in 1810 and the Netherlands was incorporated fully into the French empire. It was then that *Rijkswaterstaat* officially became the 16th division of the *Ponts* (De Wilde, personal information). Nevertheless, we can assume that, just as today, the dominant military and economic influence of the Anglo Saxon countries also develop cultural and administrative hegemony, this was also the case with France in those days. The French incursion created the momentum for the radical introduction of French ideas into Dutch administration.

⁵ The only exception is Ile de France, the Paris region, on which the national government has not lost its grip.

⁶ The highly reputed *École Nationale des Ponts et Chaussées* still exists and their graduates spread across countless organizations, as its website still testifies.

⁷ To be more precise, they are state enterprises, all the shares of which are in the hands of public organizations — for instance, the state itself (for a minimum of 51%), the *régions*, and other public enterprises. True, the SEMs provide financing from their own resources, but they derive most of their money from the *Caisse Nationale des Autoroutes*, which is managed by the state. The Loans Commission determines the amount of funds it will dispense and the amount of toll monies. The *Caisse*, in turn, is replenished by resources from the national budget regional contributions for projects, and loans from

banks and investors (Sweers, 1995, p. 16). Although there is a tendency to give the SEMs increasing financial freedom, the governmental authorities still appear to have a strong grip on these so-called 'private' groups. This is much less the case for their management tasks.

⁸ Furthermore, these semi-private enterprises only get their chance when the plans are largely complete and the construction concession has been awarded. The SEMs' influence on political considerations is minimal, if not entirely absent.

⁹ The *Voies Navigables de France* (VNF) fills a comparable function for the French inland waterways, albeit that they concentrate largely on maintenance and finance it with surcharges on tolls and levies on the use of hydroelectric energy. In view of the limited possibilities that exist in France to further extend the waterway network — while ensuring that it continues to cover most of its costs — construction activities by the VNF are negligible.

This 'reconsideration culture' seems to cause transition pains and slow adaptation on the part of institutional structures when it comes to social developments in the Netherlands (Hendriks & Toonen, 1998). During the reorganization of the domestic administration, we are being confronted with a similar phenomenon and the opportunity for the general public to lodge appeals against governmental decisions was introduced under pressure from European regulations.

¹¹ Only models in surrounding unitary states were chosen here.

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THE EVOLUTION OF LOCAL ADMINISTRATION IN GREECE

How using transplants from France became an historical tradition

1. INTRODUCTION

Greece appears to have a long tradition in 'borrowing' policies, laws, institutions and practices in the public and private sector from other countries. This is, though, a phenomenon, which the majority of Greeks never admit to be happening. Proud for 'having taught democracy' to the rest of Europe, they perceive it as a downgrading of their tradition as 'the cradle of civilization', to be imitating others in the ways of managing public and private affairs. History, though, and even today's reality prove otherwise. In fact, right after Greece became an independent country in 1828, the major European powers - England, France and Russia - began competing for control and influence in the new state. Characteristic of the above is that the first political parties were named Anglophiles, Francophiles and Russophiles (Lalenis, 2001, p. 13). Later on, with the arrival of the first king, Otto in Greece, the Bavarians also achieved a high degree of influence. The sectors in which institutional transplantations were usually observed were public administration (local much more than central), the legal system, and spatial planning.

The legal system has been significantly influenced by the German system, ever since the adoption of German legal principles in the formulation of the Greek Civic Code in 1846 (Newman & Thornley, 1996, p. 34). Spatial planning, on the other hand, is an example of a tradition of not planning in advance, but of trying to solve urgent problems by simply muddling through. Consequently, legal and institutional transplants from different origins were often adopted, not always adaptable to Greek conditions and often leading to contradictory policies (Lalenis, 2000).

Local administration has been the sector in which the most durable examples of trans-temporal institutional transplantation were recorded, where the donor, the type of transplant, and the receiver remained the same for a little less than two centuries. French influence has been great in Greece, due to the spirit of the revolution of 1789, which also inspired Greek revolution against the Ottoman Empire. There were also some forms of cooperation and financial relations between France and Greek patriots who were helping Napoleon by transporting supplies for his army with their ships. The traditional alliance and cooperation between the two countries, and -most significantly- the fact that both had very centralised administrative systems, led to the adoption of a French system of local administration in 1828. Since then the

evolution of local administration in Greece went through many phases and many changes, but in its main structure and objectives it was always imitating France.

The long period, during which institutional transplantation of policies and practices in local administration from France to Greece has been going on, the interrelation of conditions of transplantation with historic events, and the dependence of outcomes on particular sociopolitical characteristics in France and Greece, provide a valuable insight of the phenomenon.

2. THE EVOLUTION OF LOCAL ADMINISTRATION IN THE MAIN DONOR COUNTRY

The abolishment of feudal structures and the gradual formulation and establishment of a new system of local administration in Europe have as their starting point the French Revolution. The 'revolutionary' Municipal Law of the *Constituante* (14.12.1789) (Sautel, 1974; Simeonidis, 1985) unified the administrative system of urban and rural municipalities in France. The municipal authority was recognized (*Pouvoir Municipal*) but also, there was a strict distinction of authority between the central and the local level. A high number of municipalities were established, 'one municipality for every city, town, parish of rural community' (Decree of 22.12.1789) (Tsekos, 1994), that practically remain intact until today. The democratic-participatory local administration in the first years after the Revolution soon fell victim to internal disputes and external threats, and was gradually transformed into a centralised structure. This transformation was completed during the Napoleonic era when a system of central administration was created, very effective but very centralised. According to this system, almost all local officials were appointed and controlled by the central government. Due to this unified, well-organized and hierarchically structured administration, Napoleon achieved one of his most significant goals: to consolidate absolute control of the central administration upon even the most remote village in France. This system of local administration remained practically the same until 1982. It consisted of almost 100 prefectures (*départements*) and more than 36,000 municipalities/communities (*communes*). The high number of municipalities has always guaranteed an upper limit to the political power and influence of local authorities and an ongoing dependency from the centre. For a long period, both prefects and mayors were appointed by the central administration, while municipal and prefectural councillors were also appointed, chosen, though, from a greater number of candidates elected by popular vote. Later on, both mayors and municipal councillors were directly elected, but their rights and responsibilities were curtailed and transferred to the prefects, who were still appointed by central government.

In the early 1970s, the gradually decreasing ability of the highly centralised administrative system to satisfy the demands of local communities led to the decision to reduce the high number of municipalities. A law was introduced (L. 16.7.1971) (Debbasch, 1976) aimed at the unification of neighbouring municipalities after an almost compulsory process. Despite that, the results were disappointing. There were only 838 unifications of 2,045 municipalities (out of a total of almost

36,000) during the period 1971-1977, with a strongly decreasing rate (from 528 unifications in 1972 to 4 unifications in 1977). Previous attempts at institutionalised municipal cooperation were more successful, in the forms of *syndicats de communes*, established by Decree of 5.1.1959 (Debbasch, 1976). There were two categories of these: *SIVU* (*syndicats à vocation unique*) with one exclusive objective of cooperation, and *SIVOM* (*syndicats à vocation multiple*) with multiple objectives of cooperation. The objectives of cooperation were usually road construction, education, waste management, hydro networks and distribution, tourism etc. These forms of cooperation were fairly successful. 5,780 municipalities cooperated in 581 *SIVOM* in 1966, while 22,000 municipalities cooperated in 2287 *SIVOM* in 1988. In the same period, a new level of local administration was established by Law 5.7.1972. 26 *Regions* were from then on the third level of local administration. Their structure, rights, responsibilities and types of officials were equivalent to those of the prefectures while they also served as local branches of the central government (Georgoulis, 1997).

In 1982, an important reform in the system of local administration took place. A socialist government was formed for the first time in post-war France, and decentralization was part of its political agenda. Thus, self-administration was established for the higher two levels of local administration. Prefectures and regions became independent from central government and their officials were from then on directly elected. Municipalities remained - and still are- extremely high in number (36,763 municipalities at the end of the century) but they increased their financial independence. Thus, all three degrees of local administration in France have since then been autonomous.

3. THE HISTORIC PHASES OF TRANSPLANTATION OF LOCAL ADMINISTRATION SYSTEMS IN CONTEMPORARY GREECE.

Four distinct periods can be identified in the evolution of systems of local administration in Greece (Beriatos, 1994):

- The period of Kapodistrias (the first Governor of the new Greek State) and the succeeding administration of the Bavarian Court of the first king Othon (1828 – 1887);
- The period of great reforms of Prime Ministers Trikoupis and Venizelos (1887 – 1927);
- The period of relative stagnation before and after the Second World War (1927 – 1974);
- The period of recent reforms and efforts towards modernization of administration.

Each of these periods will be described, and the phenomena of transplantations from France and other countries will be distinguished and analysed.

3.1. *The period of I. Kapodistrias and the Bavarians (1828 – 1887).*

The roots of the contemporary system of local administration in Greece can be traced back to the first quarter of the 19th century, during the establishment of the new Greek State that emerged after liberation from the Ottoman occupation. During the Ottoman Empire, local administration was largely decentralised. Greek territories were organized in local communities with a high degree of autonomy. This contributed a lot to the development of a strong community sentiment and to the preservation of a national identity, but also in extreme cases to a local chauvinism and to the emergence of very influential local authorities.

The first governor of Greece, Ioannis Kapodistrias, set as a high priority the organization of an efficient system of public administration and the elimination of the power of 'local political bullies' (Chlepas, 1994, p. 42). He organized Greece into three administrative levels: Prefectures with appointed prefects, Counties and Municipalities. He also transferred French administrative practices to Greece, by granting all male Greek citizens (older than 25) the right to vote locally, and also by reserving the right to be elected for only some special categories of them (Vakalopoulos, 1988; Kontogeorgis, 1983). He drastically reduced the authority of local officials and allowed for deep involvement of central administration in local affairs, with measures such as redirecting taxation from local sectors to the State Revenue Office. These changes provoked social unrest which ended with the assassination of Kapodistrias in 1831.

Kapodistrias was succeeded by young King Otto, of German origin. He was represented, for a short period, by a Bavarian Royal Court which governed Greece, because of his young age. The political environment during this period was characterized by political conflict that exclusively had to do with the fight between the upper class strata and the foreign Royal Court, which was largely in control of the State (Lagopoulos, 1984, p. 128).

Political fight was not directly related to the position in the market of the conflicting social groups, as usually happens in capitalist societies, but the whole matter at stake was political domination (Tsoulouvis, 1987, p. 501).

This type of distortion of mainstream capitalism, as will be seen later, has been a permanent phenomenon of history in modern Greece and has facilitated over-centralisation of the administration.

The first attempt of the Bavarian Court to organize local administration was with the Decrees of 6.4.1833 and 27.12.1833. According to these, the levels of local administration were kept at three, as in Kapodistrias' period, and the new state was divided in ten Prefectures, 47 Counties (*eparchia*) and 750 Municipalities (*demos*). Municipalities became self-administered units with elected local councillors and some jurisdiction in local issues. Mayors were appointed by the king or the prefect, from three candidates elected by the municipal council. At the end of this period, and after the unification of many municipalities, their number was reduced to 442 with an average population of more than 5,000, which during that period was one of the largest in Europe (Beriatos, 1994). It was the intention of the Bavarian officials to create strong municipalities, able to support the -then inadequate- central

administration. In this initiative one could easily distinguish the spirit of the German Baron von Stein and his *City Regulation (Stadteordnung)*, which was, in its turn, a German adaptation of the French prototype of Municipal Law of the *Constituante* (14.12.1789) (Chlepas, 1994, p. 36). This first level of local administration was the only one to keep an independent structure from central administration through history, by gaining elected status for its representatives and retaining it until the present day. Prefectures were also kept as a level of local administration, but with appointed officials also functioning as local representatives of central government (Siouti, 2001).

The Bavarian Court and King Otto were overthrown by public revolts. The prime concern of the new central administration, which succeeded them, was to create a strong state with a new identity. Local mayors were perceived as obstacles to the goals of central government because they were often involved in corruption and in efforts to control political parties for personal benefit. Thus, a long campaign began aimed at their 'neutralization' and rooting out corruption was used as the main public argument to justify the reforms. Nevertheless, administrative changes were not targeted at satisfying functional and developmental needs, but at imposing central authority in every region and assisting central government to intervene in and control local affairs.

3.2 *The period of great reforms by E. Venizelos and H. Trikoupi (1887 – 1927).*

The second period in the history of local administration is marked by a sequence of wars with grave consequences on the life and development of Greek society. The Balkan Wars (1912-1913) were followed by World War I, by the end of which the national territory was doubled. Four years later (1922) there was the disaster of Asia Minor, which brought 1.5 million refugees into the country (already with a population of 5 million).

Public administration, despite the efforts for its transformation to something similar to the French model, was still inefficient. This had been expected, though, since in a country economically very weak, without a professional tradition of public administrators, and with very high levels of illiteracy, it was impossible to create a hierarchically structured, centralised and efficient administrative system, like the Napoleonic one. Inevitably, continuous adaptations were attempted. It is worth mentioning that according to the Constitution of 1864, elections of local authorities had to be direct, secret, and with no exclusion of any Greek citizen. In this way, mayors were legitimised and became crucial political players again, based on the centuries-long tradition of localism. This was not because of their responsibilities and official authority - that in general remained limited - but rather because of their ability to influence processes within the political parties (Chlepas, 1994, p. 76). The political power of the mayors was again perceived as destructive for most central political initiatives, and clientelism and corruption was believed to be common practices.

This period is marked by the efforts made by two great political figures, Harilaos Trikoupi and Eleftherios Venizelos, towards reforming the administrative system of

the country and increasing its effectiveness. The focus of their efforts was on the political aspect and their main aim was again to strengthen central administration. Trikoupis (1887) changed the boundaries of electoral districts, abolished counties (*eparchias*) - only some of them were reinstalled much later (by Law 108/1975) - and reorganized prefectures in such a way as to create a level of administration between the mayors and the central state, flexible in size and effective in providing services. He aspired to creating a prefectural administrative level which, like in France, would be able to play a strategic role in supervising municipal administration and improving the ability of central government to impose and collect taxes at the local level.

In 1912 Venizelos reduced the area of municipalities (*Demos*) and created a network of 6,000 smaller communities/villages (*Koinotita*) whose average size was 12 times smaller than the previous municipalities. The discussion and the justification of this reform bore striking resemblance to the equivalent reform of the French Revolutionary Parliament in 1789. Then, they had to choose between either the model of many small municipalities (more than 30,000 in number) or a model of less in number (about 250), but stronger and bigger municipalities (Thouret, public speech, 3.11.1789). Then, the former was chosen, the main argument being that it was basically about developing a strong national identity. Similar arguments were used to justify Venizelos' reforms, stressing the need for assimilation of the new territories, which joined Greece after the Balkan Wars, getting citizens closer to direct democracy at a local level, and fighting corruption within the political system. Being aware that communities of this size could not be financially viable, Venizelos provided for the possibility of creating associations of communities on a voluntary basis. Consequently, he tried to organize prefectures in such a way as to serve as the intermediary distributor of subsidies from central government to the communities. Venizelos' successors formed the so-called *French School of thought*, concerning local administration. They owed their name to their political contacts with France, their admiration for the French administrative system, and their efforts to transform the Greek system in a similar manner. In particular, they expressed great respect for the national parliament as a genuine expression of *volonté générale*, and perceived local administration as only a system of occasional distribution of rights and responsibilities of central jurisdiction to the local level for better efficiency (Bacogiannis, 1991, p. 213). Another school of thought was also formed in the same period, in contrast to the above, which supported decentralization and greater independence for local administration. They were represented by A. Papanastasiou, a great democrat and reformer, and through him they succeeded in passing their beliefs in the new Constitution of 1927. The Constitution of 1927 secured Venizelos' reforms by recognizing rural communities (*Koinotita*) as the necessary first degree of local administration, putting some limits on central intervention in local affairs and preserving the right of local societies to initiatives and autonomy in the management of their own affairs.

3.3. *The period of stagnation before and after World War II (1927 – 1974).*

This period started with the abolition of the progressive Constitution of 1927 and the reinstatement of the much more conservative one of 1911 (1932). Political instability was also a feature of the times, starting with a military dictatorship (1936) and culminating in German occupation (1941-1944) and a Civil War (1944-1950). For most of this period, Greece was destroyed and bitterly divided. Inevitably, there was no legislation worth mentioning or reform in the field of local administration. The only exception was a short period (1941-1944) in territories liberated from the German army by the National Liberation Front (*EAM*), where types of genuine self-governance were organized. The rising lower middle class strata (petty landowners, self-employed professionals, public employees) were gradually becoming so strongly dependent on the state that their main interest was not so much in increasing production and in planning the economy but in the strengthening of their position in the state apparatus for the purpose of directly appropriating the surplus (Tsoulouvis, 1987). Under these circumstances, the struggle for political domination among the various factions of the right wing ruling class ended up with another military dictatorship in 1967. During this period, every initiative towards reforms in administrative and territorial jurisdiction was faced almost as conspiratorial. The military dictatorship collapsed in 1974, after student uprisings in Greek Universities and the Turkish occupation of Cyprus. Throughout this period, the pre-existing two levels of local administration remained intact.

Table 1 Variation in number of organisations of local administration of the first level (OLA) in E.U. countries (ranked by range of variation between 1950 and 1995).

Country	Area	Number of OLA		Variation	No of OLA/Area	
	x 1,000 m ²	1950	1995		1950	1995
Italy	301.3	7,781	8,066	3,7	25.8	26.8
Greece*	132.0	5,994	5,921	-1,2	45.4	44.9
France	541.1	38,814	36,433	-6,1	71.7	67.3
Luxembourg	2.6	127	118	-7,1	48.8	45.4
Spain	504.8	9,214	8,098	-12,1	18.2	16.0
Ireland	70.3	115	83	-27,8	1.6	1.2
Austria	83.8	3,999	2,347	-41,3	47.7	28.0
W. Germany*	248.5	24,272	8,077	-66,7	97.7	32.5
Un. Kingdom	244.1	2,028	482	-76,2	8.3	2.0
Belgium	30.5	2,669	589	-77,9	87.5	19.3
Denmark	43.1	1,387	275	-80,2	32.2	6.4
Sweden	412.0	2,500	288	-88,5	6.1	0.7
Netherlands	41.8	7,781	633	-91,9	186.1	15.1

*The figure for re-united Germany in 1996 is 16,068 OLA, an average of 45 OLA/1000 m².

*The figure for Greece in 1997 is 1,033 OLA, an average of 7.8 OLA/1000 m², and a variation of -82.8 compared to 1950; hereby scoring between Denmark and Sweden.

Sources: Tsatsos, 1999; Mamadouh, 2001, p. 479.

Here it has to be noted that by the end of this period important changes had been developing in Europe. Most European nations were organizing new forms of local administration, either as unifications of urban administrative units of the first level, or as associations and inter-community cooperation. These changes were taking place all over Europe, with the group of northern European countries (Great Britain, Ireland, Holland, Belgium, Denmark, Norway and Sweden) proceeding in unifications and achieving sufficient degrees of homogeneity, and the southern European countries (France, Spain, Austria, Germany, Switzerland) proceeding more cautiously and at a slower pace, in inter-community cooperation and associations, mostly on a voluntary basis (Table 1). In France, in particular, the number of municipalities remained very high, but inter-community cooperation progressed with the forms of *SIVU* and *SIVOM* (see above, Section 2). These developments did not have any direct effect on the equivalent sectors in Greece at that time, since Greece was isolated from the rest of Europe mainly for political reasons.

4. LOCAL ADMINISTRATION IN GREECE AT THE TURN OF THE CENTURY (1974 –2000): SEEKING NEW PROTOTYPES?

4.1. *The developments in local administration*

The beginning of this period is marked by the overthrow of the military dictatorship. During this period, French influence in Greek state affairs - although indirect - started being more obvious than ever. The strong anti-American sentiments of the Greek population, due to American support for the military junta, turned Greece to look for another traditional ally, not as interventionist as the Americans and more 'equal' in their relationship. This was reinforced by a double coincidence. The two main political figures of this period, and Prime Ministers in Greece, Konstantinos Karamanlis -head of the centre/right party of New Democracy- and Andreas Papandreou -head of the Socialist Party- were personal friends of the French Presidents Valéry Giscard d'Estaing and Francois Mitterrand. There was also the coincidence of similar political situations in Greece and France, first with centre-right and then with socialist governments. Greece, in its effort to make up for the wasted period of the dictatorship and catch up with the rest of Europe, was again looking to France for administrative prototypes, and local administration was the prime field for transplants. This was encouraged by the fact that, despite major political changes, the Greek State was not eager to abandon its centralised status, and France was giving the most suitable example of a similar kind (Chlepas, 1994). It is indicative that in the Constitution of 1974 there were references to local administration but even more hesitant than the ones in the 1927 Constitution. The arrangements concerning the structure of the second level of local administration (prefectures) are very clearly influenced by the equivalent arrangements for the *Economic and Social Committees* of the French regions (Chlepas, 1994, p. 208).

In terms of readjusting the size, location and the rights and responsibilities of municipalities, one could say that eighty years after Venizelos' reforms there was a complete reversal in attitudes about the direction of necessary changes: in theoretical discourses and political debates, over-centralised functions of state were perceived to be the cause of inefficiencies in most sectors of society. And these were in line with reports and suggestions by E.E.C. officials for improvements in the Greek administrative system towards greater efficiency, in view of the Greek participation in the E.E.C. There were also European programs and funds to assist such an effort. The dilemma for Greece was that its up to then transplant donor, France, did not reduce the number of its municipalities but proceeded to other important changes towards genuine independence of local administration. Reforms included increasing the rights and jurisdiction of local administration, even greater financial independence, and the administration of regions and prefectures by elected bodies. And these were changes that centralised Greece was neither ready nor eager to implement, since central government and bureaucracy were not willing to share power.

Within this context of relative confusion, successive legislative frameworks were introduced in Greece, often overlapping each other. It is worth mentioning that during this period, most reforms concerning local administration were attempting to adopt dimensions related to land use, regional development and the organization of space. The first reform came at the beginning of March 1984, when the Ministry of Urban, Regional Planning, the Environment, and Public Works (then *YHOP*, later *YPEHODE*), proposed a new organization of urban space. Urban settlements were classified into *urban compounds* (or *urban entities*) of two kinds: a. 54 *urban domains* - Greek cities with the traditional sense of the term - with a total population of 6,294,105 and b. 494 *open cities* with a total population of 3,446,312. An *open city* was defined as a group of rural municipalities that was proposed to form a type of a city (*urban domain*) in terms of population, organization and infrastructure. Thus, 10,000 rural municipalities were organized in the above 494 *open cities*. With this policy, a transformation was attempted from the notion of *village* to the notion of *city*, since every *open city* would have a sound internal transportation and communication network and the infrastructure of a real city in terms of services (social, cultural, etc.) (Lalenis, 1993). *Open cities* were organized internally on a federal basis, adopting some elements from German prototypes, and thus deviating from the classic centralised French model.

At the same time, another law, L. 1416/84, brought forward by the Ministry of Internal Affairs, provided for incentives for unification of municipalities, while introducing the term *development conjunction* among groups of communities. *Development conjunctions* were supposed to be formed on a voluntary basis. In this law, French influence can be detected once again: L. 1416/84 is a transfer of the French *SIVOM* (conjunctions of multiple purpose). Obviously, L. 1416/84 could and should combine with the *open cities* program of the Ministry of Planning (*YPEHODE*). Instead, the Ministry of Internal Affairs went ahead without taking *open cities* into consideration at all. Law 1416/84 had a relative success, since almost half of the municipalities in Greece formed *development conjunctions*, but with only some of them exhibiting worth mentioning activity. However, as regards

the process towards unification, there was no sign of equivalent success. By analysing the above, one could see that French policies of the 1960s and 1970s were transplanted to Greece in the early 1980s, with more or less the same outcomes. Nevertheless, this law was soon replaced by another, before even having a chance to function or be assessed as to its longer term consequences.

Up until 1986, there were still two levels of local administration in Greece: the first level consisted of municipalities (cities/*demos* and smaller rural communities/*koinotita*) and the second level consisted of prefectures (*nomarchia*). Local administration of the first level had elected representatives (mayors, local councillors, etc.) while prefectures were administered by officials appointed by the central government and were considered as its local branches.

Law 1622/86, which replaced 1416/84, was a second attempt by the Ministry of Internal Affairs to achieve the goal of efficiency and modernisation. *Development conjunctions* were ignored - but strangely enough not legally nullified - and they were replaced by *enlarged municipalities*. Since there was no evaluative research about the implementation of L. 1461 and furthermore not even enough time for having it tested, it still remains unexplained why this replacement took place. It also has to be noted that the principle of the new law was the same as that of the *open cities*, but there were a few vital differences: in the new scheme, each *enlarged municipality* was supposed to have a 'capital' - usually the biggest village - and one administrative unit (local council) for the whole of it, in contrast to the form of federation that the 'open cities' provided. On the 4/3/1987, YPEHODE (Ministry of Planning) made its last attempt to save the policy of the *open cities* by forwarding an urgent report to the Ministry of the Interior, trying to persuade them that the new policies of the latter could be in accordance with the *open cities*. There was no response to this report and the *open cities* plan was ignored once again (Lalenis 1993). There was speculation that, although *open cities* were defined strictly according to regional development criteria and after a long period of participation procedures with local factors, they were ignored because the Ministry of Internal Affairs had set other priorities: the allocation of communities to each *enlarged municipality* was manipulated in such a way as to secure a majority of new councils politically affiliated to the central government. An interesting element of this law was the introduction of incentives - mainly financial - for groups of communities that decided to join in *enlarged municipalities*. It appeared, though, that the motivations were, once more, not sufficiently strong, since only 2.7% (155 out of 5,700) of communities decided to unite.

The same law defined public administration as *democratic planning* with four levels: national level, regional level, prefectural level and local or municipal level. The regional level was first established in this law and it was an attempt to organize higher levels of administration in Greece, according to European directions (*Europe of Regions*). As France did in 1972, Greece was divided into 13 regions (*periferia*) with appointed administration, headed by the General Secretary of the region and a regional council, and with a vague perspective that in the future regions would also have elected representatives. So, after the introduction of this law, there were three levels of local administration in Greece.

At this point, a comparison of the geographic characteristics of equivalent levels of local administration in France and Greece during this period is rather interesting.

In France, there were:

- 26 regions, each with an average area of 25,700 sq. km, and an average population of 2.3 million.
- 100 *préfectures*, each with an average area of 5,600 sq. km, and an average population of 500,000.
- Three *metropolitan* (Paris, Marseille, Lyon) and two *overseas* areas.
- 36,527 municipalities (1987) or 36,433 (1982) with population distribution:
 - up to 500 population, 61%
 - from 500 to 1,000 population, 18%
 - from 1,000 to 5,000 population, 16.7%
 - from 5,000 to 10,000 population, 2.2%
 - from 10,000 to 50,000 population, 1.8%
 - over 50,000 population, 0.3% (Papagiannis, 1992).

In Greece, in 1986 there were:

- 13 regions (*periferia*) (two of them, Attica and Central Macedonia, include the metropolitan areas of Athens and Thessaloniki, respectively) with an average area of 10,146 sq. km. and an average population of 449,200 for the eleven of them (from the other two, Attica has 3,522,770 population and Central Macedonia 1,736,070)².
- 52 prefectures (*nomarchia*) with an average area of 2,536 sq. km, and an average population of 89,405 for 50 of them (from the other two, Attica has 3,522,770 population and pref. of Thessaloniki 946,864).
- 6,022 municipalities (*demos* and *koinotitas*) with population distribution:
 - up to 500 population, 53%
 - from 500 to 1,000 population, 27%
 - from 1,000 to 5,000 population, 9.7%
 - from 5,000 to 50,000 population, 10.12%
 - over 50,000 population, 0.18% (Papagiannis, 1992).

As seen above, there was a striking similarity in both the general structure and the geographic characteristics of local administration in the two countries.

In the endless sequence of efforts for modernizing local administration, another law was attempted eight years later. Law 2218/94, which at the first level of local administration, introduced the notion of *district councils* that were equivalent to *development conjunctions* and *enlarged municipalities*. The difference was, though, that they were provided straight by the law and they were not to be formed on a voluntary basis. With this law there was an effort to promote intercommunity cooperation, which would gradually proceed to the unification of communities.

At the second level, it provided for the establishment of genuine prefectural administration, headed by elected representatives (prefect and prefectural council). Boundaries of the existing prefectures remained the same, with the exception of three cases, where prefectures were unified in larger units (a. Attica, b. Drama -

Kavala - Xanthi and c. Evros - Rodopi)³. After the implementation of this law, many responsibilities of the previous prefectural administration (appointed) were taken away from the elected prefects and the prefectural councils and were given to the still appointed regional administration, and to the Ministries of Planning and of Internal Affairs. At the third level of local administration (regions), there were no changes. Here it has to be noted that equivalent changes in France had taken place in 1982, but they included all levels of local administration (see Section 2).

Table 2: Sources of finances of OLA in E.U (ranked by descending percentage of transfers).

Country	Ex. local taxes	Fees & changes	Transfers	Borrowing	Other
United Kingdom	11%	6%	77%	0%	6%
The Netherlands	5%	13%	60%	19%	3%
Greece	2%	22%	58%	6%	12%
Ireland	18%	10%	57%	2%	13%
Germany	19%	16%	45%	9%	11%
Belgium	32%	5%	40%	13%	10%
Italy	18%	11%	38%	9%	24%
Portugal	20%	19%	38%	6%	17%
Luxembourg	31%	29%	37%	3%	0%
Spain	31%	16%	37%	10%	6%
Austria	15%	19%	35%	8%	23%
Finland	34%	11%	31%	3%	21%
France	38%	2%	26%	10%	26%
Denmark	51%	22%	24%	2%	1%
Sweden	61%	8%	19%	1%	11%

Source: Council of Europe, in Papagiannis, 1998.

Finally, the latest developments in the sector of local administration of the first level at the turn of the century, happened to be the most drastic ones - and most interestingly, there were not French transplants. Having accepted that the splintering of local administration was a serious obstacle to effective administration, something that was also perceived as a European concept⁴, and having realized that provisions of the previous laws 1461/84, 1622/86 and 2218/94, towards unification of communities were too slow and too weak as measures, The Ministry of Internal Affairs adopted more drastic measures: they introduced Law 2539/98 (Program *Ioannis Kapodistrias* - after the first governor of Greece who tried to reform local administration). According to this, all existing municipalities and communities (cities and villages) were obliged to form new, enlarged municipalities. With the implementation of this law, existing municipalities and rural communities that were reaching a total of 5,755 by 1997, were reorganized into 900 enlarged municipalities and 133 communities - that remained as such because of particular characteristics (historic towns etc.). The 'centres' of the new municipalities (*demos*), their new names and their boundaries were proposed by special local committees in each prefecture, they were evaluated by the General Secretary of each region and were

submitted to the Minister of Internal Affairs, who issued a decree. Contrary to previous practices, there was a support mechanism that was established right away to facilitate the function of the new formations. Personnel were hired with the necessary specializations, centrally trained for almost a year and then assigned to undertake duties in the new *demos*. Financial arrangements - with the biggest part coming from European funds - were also made to help them with the implementation of development policies. Modernization programs for services using information technology were planned and related research projects were encouraged. Seminars, cooperative activities and information networks were also organized between the new *demos* and equivalent administrative units in other E.U. countries, including *links*, *city brotherhoods*, and *city twinnings*. Generally, there was an obvious difference in the way that implementation of this policy was supported, in comparison to the inactivity that followed the previous laws. However, some major points that could raise questions are whether Government's intentions were indeed to broaden local democracy, or just to increase the efficiency of central administration, since the reforms were decided only by central administration and pushed forward by laws and decrees, they were compulsory for local communities, and there was no improvement in the financial status of new municipalities as it concerned their dependency from central government. Concerning the latter, Greek municipalities are still heavily dependent on transfers from central government (Table 2), while the total amount of transfers reaches only 2.5% of the national budget (Lalenis & Liogkas, 2002).

5. CONCLUSIONS

From the above it is obvious that Greece for long periods of its modern history was trying to adopt the French system of local administration, either closely or with some variations. The main reason for the above phenomenon was that both countries, for most of their contemporary history, shared the same main characteristics. They were very centralised, with a central administration in which all power and responsibilities were concentrated, and with a local administration, which was used mainly to implement central policies. Furthermore, they also shared the same objectives for a strong national identity and a strong and efficient central administration. There were, though, some basic differences that led the two systems to divergence: the French state exhibited remarkable efficiency during the Napoleonic era when the system of local administration was structured with clarity and decisiveness, so as to serve its objectives for centralisation. Based on this tradition, the local administration system remained unchanged for a long period, serving the same objectives, and supported by a framework, which aimed for effectiveness through stability. Greece, on the other hand, had the same orientations towards a centralised efficient state, but this was not supported by either its poor resources in finances and manpower, or by the political culture that had elements of inconsistency⁵ together with strong localism. An obvious example of the latter is the long lasting struggle between central government and the mayors, which often provoked and shaped local administration systems. This, in its turn, was part of the

Greek route towards modern capitalism, where the state was functioning not in order to increase efficiency, but to secure political domination. Seen in this light, the continuous changes in the local administration system were inevitable.

The end of the 20th century marked a more definite diversion of the Greek local administrative system from its French counterpart. France proceeded in genuine reforms towards decentralization and autonomy, at all three levels of local administration. At the same time, the high number of municipalities was kept, since proposed unifications remained on a voluntary basis and municipalities were not eager to comply. Another basic characteristic of all levels of local administration in France was - and still is - their financial adequacy and independence from central government. In Greece, although many similar policies had the same outcomes (*SIVOM*, voluntary unifications, etc.), the reform that united groups of municipalities in *Demos* was compulsory - a sign of central domination. Prefectures were stripped of many responsibilities as soon as they were able to elect their officials, and regions still remain local branches of central government. Furthermore, municipalities and prefectures remain financially weak and totally dependent on central funds, which, by the way, are very limited (Katsoulis, 1999). These differences indicate that Greece was unwilling to grant relative autonomy to its local administration. Its main objectives were to increase effectiveness in central administration, comply with E.U. directions and absorb European grants given for the purposes of decentralisation. Thus, institutional transplantation from France to Greece has been reduced, as soon as the objectives of the two countries concerning local administration were no longer the same.

Finally, one could claim that Greek adaptations of French policies through time were even more rigid than their original prototypes. This was also the case with the jurisdiction of local authorities, which both in France and Greece applied only to local issues. But while in France the state had the flexibility to define 'local issues' according to circumstances, since the revolution, in Greek constitutions local issues were strictly defined and restricted in general. As a consequence, in 1997 the Supreme Court ruled that responsibilities for spatial planning, granted by law to prefectural and municipal administration, were against the Constitution. This was based on article 24, parag. 2, of the Constitution where it is stated that responsibility for Urban and Regional Planning for the whole of the national territory of Greece belongs exclusively to the State. At the time that prefectural officials were appointed, prefectures were considered as part of the State and could officially approve urban plans. Since prefectural representatives were elected, prefectures have ceased to be part of the State and become independent legal entities. As such, though, they do not have the right of approving plans. Thus, after this decision, prefectures stopped approving urban and regional plans, all related matters were transferred to the services of regions, spatial planning came to a standstill due to huge delays, and many urban plans approved by elected prefects were nullified. In the new constitution of 2001, there is an effort to solve these problems by stating that local issues can be defined by the State as the case may be - something that France has practiced since 1789⁶.

NOTES

¹ It is interesting that in this effort, the opposition in Parliament went even further by accusing the law of being too hesitant in comparison to its French model. Mousouris, an opposition Member of Parliament, was recorded to comment 'although the Law under discussion was transferred from French legislation, the editor did not follow it in its whole, but deviated from it at crucial points' (transl. by the author, Archives of the Greek Parliament 1887:736).

² The Greater Areas of Athens (Attica) and Thessalonica (Central Macedonia) are by far the biggest Greek urbanized areas, accounting for almost 50% of the national population. They are informally called *Metropolitan areas* but they do not have any special formal status as such - equivalent to Paris, Marseille, and Lyon in France. So, formally, they are considered as typical regions or prefectures, but in fact they are strikingly different from the rest in terms of concentration of population.

³ The justification for these exceptions was again, seeking greater efficiency in 'sensitive' areas. But although this could stand in the case of Attica, in the other two cases the reasons seemed to be different. Unifications of prefectures were believed to be because of an (never officially admitted) effort to avoid Muslim prefectural authorities elected in the prefectures of Xanthi and Rodopi, where there is a Muslim community. And they achieved this, by creating desired voting majorities through unifications with neighbouring prefectures.

⁴ As mentioned in Section 3, most other E.U. members had adopted policies of unification of municipalities since long ago (see also Table 1). Thus, something that started as self-adaptation and 'place competition' for better urban environment, between member states, mainly in Northern Europe, was gradually adopted as a European objective from Brussels, in accordance with policies promoting autonomy of localities (Europe of regions). In the cases of Member States, which were relatively delayed in this matter, the policy was encouraged through funding.

⁵ Political domination has been traditionally one of the main goals of the actors in the political arena, in such a degree as to occasionally adopt tactics, contradictory and hardly considered as ethical. Clientelism, favouritism, and populism have never ceased to exist on the back page of the political agendas, and have often destructive effects on official policies and programs.

⁶ One year later, laws and presidential degrees necessary to bring these articles into action, haven't yet been issued. This indicates that either centralization still remains a main goal for the central government, or that a centrist tradition is very strong in the state bureaucracy, dodging political initiatives.

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IMPORTING THE FRENCH RETAIL PLANNING MODEL TO SPAIN

1. INTRODUCTION

There is no artery road in Spain without huge retail stores with well-known European brands. An emerging debate in marketing studies is the French contribution to the prominence of these large-scale retailing (LSR) formats and distribution channels. The rescaling and introduction of American supermarkets into European cities is also a French development (Chetochine, 1998; Cliquet, 2000). However, does planning policy research take into account the way countries react upon the invasion of new shopping and leisure formulas?

The growth (1950-1970) and international expansion (1970-1990) of French retailers has affected surrounding markets. LSRs arrived in Spain during the mid-1970s and grew spectacularly in the following decades. Accordingly, large-scale retailing has generated growing interest in marketing and spatial sciences. The literature has described how this urban phenomenon exploded and developed in a particular format, and how some countries became at the same time exporters of the retail formats. We can therefore see French-born Carrefour or Decathlon stores in the middle of journeys through Spain, but also in Mexico and Taiwan.

Despite this interest, there is still no accurate understanding of the way that some countries decide, using retail planning, to address this spread. The type of responses, which relate to the retail market internationalisation process, has not received much attention thus far. The study of retail planning and transplantation in that field is therefore an attractive contribution to this book. Furthermore, a question concerns whether similar retail planning policies, utilized to steer relations between similar actors, produce coherent impact over retail development. This chapter will provide an empirical study to shed light on a developing research field. Is it true that full-blown models, which disregard the host's institutional environment, are ineffective or even harmful? We develop a case of this nature. In Spain, the French model only appeared successful in the beginning, but this was not sustained. Why did the Spaniards persist with the imported form of retailing planning? We illustrate the kind of mechanisms and dynamics, which test both planning systems' virtues and vices. Section 2 highlights the panorama of the large retailing spread in Spain, and establishes the logic of retail planning in Spain based on the invasion of French corporate actors. Then, section 3 displays the French planning model, from which Spain copied the whole body of regulation. Actors and spheres of action are described in this section, as well as the cornerstone of retail planning: the crucial

instrument, the *Loi Royer* (1973). Afterwards is brought into play the process of implementation into Spain in section 4. Actors, competencies, and the process from retail planning goals and results are described here. Section 5 will explain why the process of retail regulation failed, analysing the institutional variables in both countries. Conclusions are finally drawn in section 6.

2. RETAIL PANORAMA IN SPAIN: FRENCH RETAIL INVASION

2.1 1970s-80s. The introduction of hypermarket formats.

Spain was a vacant country in terms of new retail formats in the 1960s and 70s. Table 1 shows the expansion of retail outlet stores that came next, helped by the pressure of French operators (see Table 2). Spanish LSR underdevelopment lasted until the mid seventies, and the steady growth of large-scale stores turned out between 1980 and 1995. From the first store (currently Carrefour), built in 1973 in the outskirts of one of Barcelona's satellite mid-sized towns (Terrassa), retail outlet stores have followed the same peripheral location pattern. In those days, planning instruments were relatively weak and primarily focused on housing and infrastructures. At the time, some research was done, such as predictions for the Madrid's metropolitan area by COPLACO (1977), which drafted figures for the retail surface necessary to cover the region's requirements. This study considered that 1.88 m² of retail space per inhabitant was the adequate standard to match the dense urban culture of Spanish planning.

Table 1. Evolution of Large-scale Retailing in Spain

	Hypermarkets >2,500 m ²	
	Stores	Retail surface area (m ²)
1973	1	11,007
1975	12	75,460
1980	29	201,226
1985	59	428,120
1990	110	840,065
1995	223	1,725,000
1999	267	2,138,557

Source: DGCI, 1999.

This study forecasted 4 million m² and pro-development authorities enthusiastically embraced that standard to work with these predictions. Simultaneously, local governments were growing as welfare generators. Planning tools at local level tackled some outlets situated in parcels without building permissions, while no laws or policies were activated at national level. During the first out-of-town outlet settlements, land-use plans did not include retail guidelines

to assume the first retail outlet stores. National retail regulations were being kept in the sphere of public health, post-war supply of goods, and price control. Local rules, likewise, concerned about sanitation and trade events, specifically focused on food retailing. Almost all the efforts of the new land use plans were made after the entry of the creation of the first hypermarkets, in the 1980s, with no concern for outlets and shopping spaces but focussed on the production of parks, public spaces, education and health facilities, and the improvement of quality standards in other public services as sewage, access roads, etc. As we will see later, this may have implied the lack of strategic view of public planners. In short, planning regulations focused on totally other issues than retail stores.

Table 2. Largest French retailers in Spain (1998)

	<i>Revenue 1997 (mill Pta.)</i>	<i>Retail surface area (m²)</i>	<i>Jobs</i>	<i>Stakeholders</i>
PRYCA	528,690	610,388	15,127	Carrefour (63.8%) Soc. Grands Magasins Adour (10%)
Continente	467,718	496,788	13,059	Promodes (67.9%)
Alcampo	293,580	350,550	10,500	Samu-Auchan (64.4%) Soc. Civile du Petit Tournai (17.2%)
DIA	273,312	373,378	7,395	Promodés (65.1%)
Sabeco	94,962	98,100	3,742	Docks de France (94.4%)
Supeco	54,433	100,772	2,791	Comptoirs Modernes (100%)

Source: DGCI, 1999.

2.2 The second wave of expansion. The disruption of retail market balance (1980s-1995)

There were still 503 inhabitants for every square metre of retail surface area in 1973, but the retail surface area had expanded so much that there were 89 inhabitants for every square metre in 1985 and 45 inhabitants in 1990. The growth of more diverse formulas (retail outlet stores integrated into galleries, integrated shopping centres, food and non-food combination) threatened the balance between downtown retailing and new peripheral developments. They already represented 16% of the total sales in 1989 and, combined with supermarkets, an aggregate 59%. Specifically in *food* retailing, the main expansion occurred along the 1980s (the number of big stores tripled from 1987 to 1994, whereas small-scale retailers had to keep fighting for a role in the urban environment). More recently, in 1998, hypermarkets had 35% of the total food sales and, together with supermarkets and hard discounters, had an aggregate of 57.3% of the food sales (the aggregate is 81% in 2001), whilst small independent shops saw their share decreasing to 18% in total sales (Table 3).

Carrefour, Auchan and Promodés (three French based retail corporations) were already lining along Spanish roads and peripheries in first years. Large-scale non-food retailers arrived in Spain a decade later. With the pioneer exception of C&A, which entered in 1983, the 1990s have seen the most significant actors settling in

Spanish urban areas. But by now, all the main operators in the European and French context are present: Ikea, which appeared in 1992 already, has 6 stores in the country (mainland and in the islands); Aki (1989) and Leroy Merlin (18 stores developed from 1989 to 1999) are today all part of the same empire. All the retail sectors are represented all over the shopping centres: household supply, Do-It-Yourself stores, textiles, books, gardening, and furniture.

Table 3. Evolution of market share of four retail formats in Spain (1998)

	1976	1985	1989	1992	1998
Traditional shops	86	61	41	30	18
Supermarkets	8	25	43	35	32
Hypermarkets	6	14	16	28	35
Hard discounters	-	-	-	7	15
	100	100	100	100	100

Source: DGCI, 1999.

Given this panorama, what has been the 'logic of transplantation' of French retailers in Spain? If there are French retailers, how were they first regulated in France? Provided that the administrative and planning systems are somewhat similar (e.g. land-use plans give law-enforced standard building rights, or analogous development planning procedures and tools), Spanish politicians decided to adapt French tools of retail development control.

France has not only been a source of retail transplantation but also a source for public administration and state law. When it comes to modern policy models, the influence of the French socialist governments of the 1980s is large. The Spanish socialist governments in the 1980s were in direct contact with French colleagues and intellectuals. Especially in local politics (e.g. open spaces, public architecture), political connections between The French PS and the Spanish PSOE had strong links, as revealed by numerous twin-city programs between municipalities with socialist mayors from both countries. The Spanish socialist political elite was formed at the *Suresnes Congress* (Paris, 1974). Key individuals, such as former president Felipe Gonzalez¹ and ministers such as Almunia and Borrell, have received training and support from the French PS.

We cannot investigate to what extent Spanish policymakers disregarded or fully cloned existing planning documents (this would imply deep personal interviews with e.g. former politicians, who now run retail companies and who won't readily share such privileged information²). But we can browse the source system in search of key institutions that may give an idea of the intentions of those policymakers transplanting the model to the host system.

3. RETAIL PLANNING IN FRANCE: THE MODEL

Although imbalances between downtown and peripheral-rural areas existed, with a powerful retail presence out of town, French retail planning was not (at least

initially) a spatial planning matter but an economic-political response to social instability. Legislators would provide a framework to control revolts against retail outlet stores as the ones led by Pierre Poujade (1956) and Gérard Nicoud (beginning of 1970s). Both comprised small French retailers rallying against fiscal policies and their loss of market share. For instance, the number of small shops was reduced to one-sixth between 1966 and 1998. *Poujadisme*, as it is called in French, had powerful roots that thoroughly embraced shopkeepers' requirements against urban and economic policy; it shook downtown independent retailers against those new retail outlet stores. It definitely was the spark for the Royer Law (1973). This law enabled commissions to settle a surface limit ($1,500\text{m}^2$ or $1,000\text{m}^2$ at towns under 40,000 inhabitants), over which new LSR projects had to get extra permission of planning commissions (Metton, 1995). With this law, French government designed an answer to the conflict between downtown and peripheral developments (the spread of retail outlets, which were severely affecting city centre retailing) 'to protect small retailers and improve retail efficiency'.

What were the fundamentals of this policy? First, the policy strategy involved the retail sector and spatial planners. Second, some tools emerged from the national rather than the local planning level. Permits to settle a new retail outlet store consisted of the simple regulation of size and location. If the size of the store reached $1,000\text{m}^2$ (or $1,500\text{m}^2$ in case of the larger towns), a departmental planning commission would study the case and pass or reject the project. This commission consisted of actors from the local government and the retail sector represented, plus the coordination task coming from a 'préfet', that is, the delegate of the central government. The composition of the first department commissions was as follows: the presidency was held by the préfet, who has no voting rights, there were nine seats for municipalities (of which in 1974, only 20% happened to be local retailers as well as politicians, see Graboy-Grobescio, 1999), and nine seats for large and small retailers. This unbalanced distribution of seats explains the approval for retail projects all over the 1970s, 80s and 90s. This 'parity' was only modified in the 1993 reform after irregular deals and lack of efficiency were discovered. Further, the reforms of French 1973 law (revisions in 1993, 1996) also introduced the subordination of departmental commissions to regional retail planning commissions. As outcome of the decentralisation of French state, more tasks were given to regions and trans-departmental spheres, but the guidelines turned out to be weak. This initially implied that more spatial concern were to be introduced into LSR planning.

Who were the actors and what did they want in this balance of regulation?

Large retailers played the pro-active and powerful role. These retailers emerged from a local entrepreneurial environment (Jacquiau, 2000; Cliquet, 2000). They were strongly focused on market expansion, evolution, new formats and new locations. They aimed to expand the supermarket formats all over the growing and attractive French peripheries. To fulfil their aspirations, they took advantage of capitalist instruments: arguing that market competition forced their standpoints to reach a critical size. Economies of scale would allow them to sell goods more cheaply. This is a key institutional factor. Successive French governments utilized inflation control as a theoretical approach in the economics of macro-retailing that, eventually, benefited retail outlet stores offering affordable, accessible modes of

mass consumption. Economies of scale also had several economic spin-offs such as the employment of a massive labour force, reduced costs for producers and their distribution channels.

Small retailers, rather, had been located for decades in city centres. They continually lost market share from 80% to 30% within twenty years. Therefore they could play a key political role giving electoral support to anti-LSR parties (in the French case, the conservative parties). Their desires were to survive in their current downtown locations, for which they had to employ their competencies or instruments: both an active social-electoral pressure, and the unclear ability to maintain proximity as their shopping asset.

Local governments initially tried to solve deficiencies in retail development. Their actions did not always correspond with small retailers' requirements. LSR had several attractive points for municipalities: it would increase local employment; towns would also be able to grasp financial benefits from economic activities (such as the 'taxe professionnelle' or business tax) rather than balancing retail life at city centre, which still is the foremost excuse. The instruments used by cities to tackle retailing were related to detailed land-use planning: which allowed them to decide about an outlet location. These planning tools were within their grasp with the creation of the retail planning commissions in 1973.

Central government maintains the French philosophy of 'public economic law' or the ability of state to intervene in economics (Hubrecht, 1997). French government intended to solve the double-sided problem of how to provide commercial facilities to massive housing developments at first, but also to balance the access to consumption (retail outlet stores were a good format for price control) with the interest of shopkeepers as a small business sector in crisis.

In a later stage, central government modified such central statements into a decentralised structure, promoting contracts between neighbouring municipalities, and motivating supra-local planning after 1980s: competencies were redistributed, and the regulation of retail sector was focused upon the decentralisation of several functions towards departments (French regional subregional tier) and municipalities. However, policymaking has been split in two independent and sometimes conflicting sides: tools of store control and planning versus tools of trade, competition and macro retail regulation. Burt (1985) has indeed demonstrated the absence of any coherent policy specifically designed for the retail sector. Instead, sets of piecemeal policies dealing with particular aspects of retailing are normally implemented. Analysing the aims of public policy in the retail sector, he identified different conflicts: 'consumers versus retailers; local government agencies versus retailers; corporate societies versus society; and even conflicts between different retailers'. For the French case, Burt considered three major objectives for the retail policy for the central government: the lowering of distribution costs, by the regulation of the retail price levels; the protection of small and medium sized surface stores; and the slowing down of growth rate of big stores (1985, p. 161). As we will see, those goals were not achieved.

Départements and regions, the administrative and political levels between central and local government, have been in constant functional transformation. Since 1973, departments are involved in retail planning by coordinating locational

decisions. They represent the State in the process of economic regulation, through coordinating tasks in the cases where municipalities compete and argue about particular projects. Whilst they should establish supra local strategies to co-ordinate local planning, in reality they play a passive role in the distribution of power. The departmental commissions were designed to strengthen the role of local spheres and most of the votes went against regional coordinated decisions, with the municipalities always searching their local self-interest (employment and tax resources were at stake). In any case, there was the chance to appeal to the central government, and Paris would eventually reject or pass the commission's decision. We will see that ministers played, then, a big role in final retail planning decisions.

As for French consumers, their welfare and spending power grew markedly from the 1960s onwards, alongside massive motorisation and the production of new consumables. The housing environment that emerged in the 1960s was highly *peripheral*. New outlets were required to serve these dense areas of living. The French 'baby boom' generation of the 1950s had already arrived to the labour market in the 1970s, and they represented a big push for consumption and especially in retail sales. Massive shopping had a quite fragmented but potentially attractive market in France. Undoubtedly, it helped retailers to grow apace.

French local and regional politicians viewed things differently. At the local level, successful fund-raising reinforced the power each of them had over the surrounding institutional spheres, which was sufficient reason for them to deviate from national planning purposes. A number of politicians (big enough to provoke the revision of retail planning entrails in 1993) were corrupt and abused their positions on commissions when making location decisions. For this reason, explicit retail policy was not successful (as it would be tested in the lack of clarity of retail commissions' procedures) when the institutional environment was antagonistic. Subsequently, French retail planning, when dissolved in local political spheres, appeared too weak to be successfully implemented. Irregularities diverted money from the retail sector to finance local political requirements and political parties. The political machine of bribery was established and a fixed amount of cash was being given to French retail commissioners in the 1970s and 1980s. As Tanguy (1996) and Meny (1992) exhaustively explained, some fixed thousands of francs were set as a tariff per square metre of new retail surface. Thus, projects kept on going, regardless of planning policy.

4 THE PROCESS OF IMPLEMENTATION IN SPAIN

Spain, in the meantime, was receiving the first French retail outlet stores. They were of very large scale and situated outside towns. There was a strong need of some planning to tackle the rapidly changing peripheries (Cabrera, 1995). Spanish policymakers showed no creativity and transplanted the legally driven approach to the regulation of large-scale development. Would Spain reach a similar situation of legal weakness against politics but two decades later?

France has been a natural reference in politics, science along the centuries. France exported the administrative model of the State (Hariou, quoted in Tejedor,

1998), and the ways to tackle the Ancient concept of property rights (e.g. as in the *Déclaration des Droits du l'Homme et du Citoyen*). Planning has been no exception, and Spain copied the three dimensions of French planning: first, the preparation of planning tools and standards in the public sphere; second, the public entitlement to implement planning tools; and third, the classification of land property rights as material uses of land (Tejedor, 1998).

Specifically in retail planning, a hierarchical system of commissions was implemented. Spain adapted French central-to-local model of planning decision-making to an advanced decentralised territorial structure (central-to-regional). Through the *Ley de Comercio Minorista* (Spanish Retail Law, passed in 1996), Spain adopted the structure of commissions, albeit two decades later than its French model. The policy issues were similar: how to make small-scale retailers more competitive compared to LSR, how to control outlet dispersion. The same tools were adopted, such as the size threshold, at least in general terms, as the Spanish regions could use their specific competencies in regional planning and economics. Spanish governments produced similar approaches to the French to accomplish these goals, including the fact that the analysis to take decisions in retail development was split between two sectors: retail economics and spatial planning. However, the balance of territorial and functional decentralisation and the budgetary starting points were different from those in France. Did these differences lead to a different outcome, as they create a different institutional environment? Provided that actors in the Spanish arena have similar goals than the ones in French, are they suited to accept such a policy transplant or do important structural dissimilarities separate them from their French model?

Large retailers associated with foreign investors originated from French companies with intensive retail formulas. The internationalisation in retailing has also affected Spanish market in several ways. Merger procedures occurred between top sales leaders in 1999 (Continente and Pryca) with diversified acquisitions of middle-size and discounters' retailing outlets, and the incorporation of investors and developers from all over Europe. The new Carrefour alliance contains 117 hypermarkets, 186 supermarkets and 2000 proximity discounters in Spain (2000). Few Spanish retailers, except El Corte Inglés, built such large distribution outlets that could dominate the market in this way. European retailers checked the figures of the post-1970s success of French retailing and they all wanted to participate in these emerging markets, such as Spain. Well before debates about market share and competition were generated, French actors already entered in the Spanish arena. In this debate, they argued about the importance of reaching economies of scale, low prices, resisting strong pressure from the producers, and the needs for retailing opportunities in Spanish peripheries.

Among economic actors, big landowners have to be considered. This sector largely impacts on the way land-use planning is implemented. Whilst France keeps under control the principles of building density, obligatory public spaces and the uses of land, Spanish landowners and intermediaries are able, for years, to appeal against any planning process contrary to their interests. Institutional relations therefore differ from the model proposed in France (Tejedor, 1998). Not only investors and developers matter in the large-scale construction, but also property

relations that heavily rely in the traditional manners of Spanish land market. The interests of speculative development overwhelmingly subsume those of public control.

Small retailers were as in France located downtown, and suffered a serious decline in market share. As we saw in Table 3, their selling capacity diminished from 87% to 40% in 20 years. Spanish retailers, unlike their French partners, were not organised and unable to offer resistance. Traditionally, Spanish shopkeepers have been a quiet part of society. There was no chance of *poujadiste* movements in Spain whatsoever. Although in modern times, they were considered supportive of the social equilibrium, Franco's dictatorship touched upon this bourgeoisie through a cluster of policy measures (housing, security, price protection and monopoly of particular goods). Due to the atomised nature of the sector, their capacity for organised response in the context of crisis was limited.

Central government, in Spain, plays a role in coordinating minimum policy standards. This affects every aspect of economic policy and planning. The national government can enact basic legislation and regulation concerning the principles regulating the balance of food and non-food distribution markets, yet it cannot be concerned with the spatial regulation of actual outlets. These competencies have been transferred to regions following the Constitutional process of 'full territorial development'. Traditional functions to regulate town and land-use planning have also been lost to the regional government level. The destatisation process has modified the balance of functional and financial competencies. Ministries of Territorial Administration, Economic Affairs and Planning have, in any case, developed a steady package of decentralisation and deregulation measures. It should be stressed that, regardless of being left wing (1982, 1986, 1992) or right wing (1996, 2000) governments, they have both applied liberal planning policies.

After the decentralisation process was established, *regional governments* received powers to regulate and enact laws, as well as coordinate spatial planning across the entire territorial structure. In this manner, Spanish regions have developed a greater degree of competency in retail development planning than their French counterparts. Nevertheless, similar municipal governments, they have to rely on an underdeveloped professional basis which lacks financial resources. In connection with retail planning policies, they do not possess a clear definition. The measures are, first, copied from their corresponding political sides (there are two trends of planning and policy tools, developed from PSOE and PP regional governments, which in turn match national regulations under those parties). Second, there is a great deal of confusion around the role and purpose of retail planning. Both left and right wing governments of the 17 Autonomous Communities have ended issuing hyper-regulation policy measures, because the detailed regulation of every square metre has generated a fragmented spatial legislation. Chaotic and contradictory regulations emerge everywhere³. The mere creation of regional retail laws does not automatically lead to regional planning solutions.

In Spain, *local government* is in permanent financial crisis and tries to force city growth, their 'cash cow'. Whilst Spanish municipalities have no budget they can implement land operations and raise activity taxes. The latter is a small proportion of the total local budget. Spanish cities still very much depend on budgetary transfers

from central state and, recently, from regional spheres. These transfers are necessary to administer and fulfil basic public works that is demanded with the growth of cities, and promoted by organizational agencies and their civil servants. Local employment is, compared to France, of similar importance in the case of retail store attraction. For all these reasons, local governments are generally very supportive of land developments, which may generate up to 70% of their cash sources.

Consumers, served by improved redistribution policies and employment and salary increases, generate growing consumption levels. During the same period, price inflation was slowly declining (30% in 1977, 16.5% in 1979, and 8.1% in 1985). The incorporation of women in the labour market has also been significant. In the service sector, rates of female employment grew to 71.9% against 46.2% of male employment. This meant both consequences for family income (more expending capacity) but also for mobility. The proportion of people living in large cities grew from 24.4% in 1940 to 30.8% in 1960. As suburbanisation was weaker than in other European countries, the compact spatial pattern initially sustained the role played by proximity shopping. The attraction of distance played a major role: whereas up to 50,000 inhabitants were necessary to locate a retail outlet store, Spain has examples where stores are settled with catchments of 20,000 inhabitants. This allowed retail outlet stores to be smaller but to reach feasibility figures in more target groups and areas.

From goal to results

Once we know the players and their starting points, how are retail planning policy processes implemented in Spain? First, central government can only submit a general approach to the retail sector (their constitutional basis gives government power to enact competition rules, access to consumption, and juridical basis in land planning and property rights). Second, the 1996 Spanish Retailing Law partially solves fragmentation (the various spheres of action and decision) and spatial and market dilemmas using the transplanted *Loi Royer* due to two sets of factors:

First, regional planning is almost absent, compared to France. Spanish policymakers copied a model that was evolving from central government regulation towards '*schémas départementaux*', which heavily relied on coordinated planning. Instead, Spanish fragmentation of functions and competencies lead to a multiplication of transplantations (every region reproduces its own version of French system of commissions and size control). The scale of policy making is different but the tools are, in principle, the same: a general size limit under which no license needs to be requested; case by case treatment of new larger outlet locations based on local calculations of overall (food and non-food) retail market share.

Second, the municipal tax base is very different, especially in terms of their budget needs. Spanish municipalities try, through land-use planning, to fulfil building rights allowed by every Spanish land-use plan for outlets and shopping equipment. When competition between towns determines the location of a retail project, it is often due to changes in land planning to host that particular project. The mechanisms of land property valuation and development (high compensations to

property, no expropriation considered) generate high land purchase prices. Local administration considers these land prices so excessive that they impede expropriation for public purposes. They try to relieve bottlenecks by developing a new piece of the municipal territory thereby reactivating the local land market. Attractive commercial real estate is used, therefore, to finance the rest of the development operations. If a developer inserts a retail outlet store and that plot is sold fast and cash enters the local budget, it will allow the rest of the accountability to be balanced (e.g. infrastructure and building preparation works).

Are these fundamental differences the reason why French retail mechanisms worked differently in Spain? The lack of analysis of different territorial particularities promoted hyper-regulation (diverse parameters to set up tight size limit regulations, strict opening hours, etc). The absence of regional planning with a clear retail conception opened up an important gap affecting the implementation of the whole system. There is also a contradiction in the process of planning. Instead of adjusting growth to their physical and market (e.g. housing) necessities, towns use land development as the opening key for budgetary reasons. Retailing is probably the most desired land use in Spain. Despite prognoses of stagnation and saturation, this situation continues. In 2002 the first, and most attractive use of land is the combined retail and leisure format. Therefore, no one will renounce large-scale retailing at the local level. In this way we can see that some institutions are stronger than others, and therefore responsible for the failure of national policy.

5. THE INSTITUTIONAL ANALYSIS, WHY THIS CASE OF TRANSPLANTED REGULATION FAILED

As we could infer from the previous sections, LSR development and LSR planning permanently interact although they are spheres with confronted principles (respectively, to find and create outlet locations and to control these outlets over space). The evolution of retail planning policies along the time depended on how actors were situated, for or against the development of these new retail formulas. Therefore, a set of retail planning policies is the outcome of the interaction between actors for development of new retail formulas and actors for the 'sustainability' of downtown retailing. Public and private actors move along both sides of the regulation. Some actors, such as large retailers, find it easier to establish coalitions with public actors, such as local governments, as we described above. These policy measures are filtered through an institutional environment that embraces a specific retail policy, but also legal, political, and economic institutions (adapted from Salet, 2000).

For the case of retail planning transplantation, we need to analyse whether the Spanish retail-policymakers considered if the French model fitted Spanish context. Firstly, what happened in France that made the system fail? We suppose that Spanish policymakers couldn't know the outcomes in the source system, before adopting no matter what French planning as such.

Did French policy designers and legislators take into account local specificities to pass the *Loi Royer*? There is recognised unanimity in literature (Chetochine,

1998; Desse, 2001; Graboy-Grobescio, 1999; Mény, 1992; Tanguy, 1996) about a general failure: politics prevailed over planning. Firstly, the fragmentation of French policymaking transferred competencies from central-state to local governments. The later introduction of a regional level was unsuccessful for retail planning. Why did it happen? The decentralisation of 1982-83 reinforced personalised local power invested in Mayors, Counsellors, retail planning Commissioners, etc., '*l'amour du grand homme*' (Mény, 1999). French local finances were connected to the deputy-mayor's ability to attract business units (e.g. how to raise 'taxe professionnelle' from business development). This helped to obscure the real scenario of retail development. As we mentioned before (see section 3), deviated behaviour from real policy could be observed: the 1980s were years of corruption around retail planning commissions. The well-known fixed amount (Tanguy, 1996; Mény, 1992, pp. 261-263) was paid to a commissioner per square metre of retail space, in order to get location permissions easily. It reached local arrangements, nationwide political party funding, upper civil servants, ministers, etc. Minister Mauroy had to block more outlet locations in 1981 because his predecessor had solved appeal processes too quickly. Dealing with unsolved decisions coming from departmental commissions, he had allowed as many outlet square metres in a single election campaign as in the previous 8 months. In 1985, Jean-Marie Bockel (Minister of Commerce) had given permissions for 150,000m² retail space in one week.

French lack of attention to their own administrative institutions helped to ruin the goals of spatial coordination for LSR. The 1996 retail planning reform (Loi Raffarin) introduced the supra-local level. After the introduction of regional schemes for retailing (*schéma directeur*) in 1998, 24 French municipalities had embarked on project designs (Desse, 2001), which the government recognised as total failure: rigid plans couldn't match changing formats as retail outlets. But the weakness of regional coordination was a key issue: supra local retail and spatial planning were a difficult task to achieve, as schemes and plans didn't see the light. In 1999, after 124 towns and cities had signed for retail schemes or charts, only Lyon and Brest had somewhat developed vague projects. In the majority of cases, such schemes rested underneath piles of political priorities: either vague drafts of intentions or detailed catalogues of the existing situation were produced. At the macroeconomic level, central government had first favoured retail outlet stores (1960s-1970s) as means to control price inflation. This had been the main economic goal of French economic policies for two decades, and LSRs became part of the concept of 'massive access to consumption'. From what we described as the Poujadiste movement, central government received a social electoral response from small independent retailers. Consumers were confronted to traditional retailers.

Then, how did it work in Spain? France only began to dissect the failure of retail planning in 1992 (recognising this could have saved loads of problems to the host country). As looks predictable with the benefit of hindsight, Spanish separate competencies also produced disconnected planning principles. As critically recognised in Spanish literature (Pérez, 1998; IDELCO, 2001), the cases of grotesque and underdeveloped draft policy-making are often at every level, from local to national. Policymakers understood retail planning as a two-pole corpus. Scholars (such as Tanguy, 1996; Pérez, 1998; Desse, 2001; Ezquiaga, 1999) assert

in overwhelming majority that retail planning has developed a regulation of the store implantation, leaving the spatial consequences (as accessibility, impact over the land market, etc) unattended. Therefore, retail sector variables and institutions were ignored. The specific fragmentation of Spanish territorial functions (regional decentralization in 1980s-90s) led to a very fragmented body of retail policy regulations. As such, retail planning in Spain had appeared in the late 1980s by the specific control that regional governments established against the spread of large-scale retailers (laws in Catalunya, 1987, and Valencia, 1986). Later, the State regulation in 1996 and several specific format regulations in 1999 (e.g. the debate on broadening opening hours) completed the legal corpus of retail planning. In the meantime, developers criticise current legislation for being too strict and municipalities are willing to offer more land for new projects to increase their local budget: new urban land means cash from building permits and the land market, and local employment.

The transplanted *size control tool* appears in every retail policy now, but the threshold is arbitrary: from 300 m² in Balears region to 2,500 m² in the national retail policy. For instance, Andalucía drafted a sketch plan ('Andalucía Horizonte 2000') giving a 'freeze' period where no further retail development would be allowed until 15 months later (October 2001). The Basque government has been heavily criticized for neglecting market efficiency (IDELCO, 2001:104), because it regulates size but also the number of stakeholders involved in a large-scale development. Madrid elaborated a strategic plan where frightening projections for retail growth were made, scaling growth through m²/inhabitant. Duplication of the current number of LSR stores in 12 years was predicted, but in 1995 this was still far from European standards. Catalunya worked with a 'scheme of retail planning'. However, Pareja has shown the real institutional components of such policy, and claimed that it is a very fragmented and made-up scheme, lacking homogeneous units (Pareja, 2000, pp. 40-48). As we mentioned, regional regulations depend on their political affiliation but there are no fundamental differences. All of them restrict retail spread using special or double licenses above a particular size limit. The question is how large the store has to be. But this affected very little the institutions driving land development (e.g. local budgetary matters, lack of regional planning coordination) and processes remain unchanged.

Does systematic corruption appear in Spanish commissions as in the French counterparts? Nieto (1997) asserts that Spain owns a systemic and structural pattern of corruption, based on a modern version of *caciques* (local political parties agree on how to alternate power). Corruption has been organised in Spain to sustain political parties' fund raising (via artificial companies, double accounting, etc). But there has been no direct causality between retail planning decisions and cases of corruption. Are French politicians more corrupt? We are only affirming that French retail policymakers thoroughly used retail planning commissions to benefit personal and political preferences. This has not been detected in the host system.

The high speed at which retail formulas are generated requires a faster response, but the administrative culture of planning helps too little. Planning lacks strength within the bureaucratic structure of Spanish administration and universities. Economic affairs overtake planning affairs, while scholars (who, in turn, come from

economics and commerce) give little attention to spatial solutions. In this scenario, land-use planning at local level keeps on squeezing its chances to host projects of retailing or retailing, leisure, comprising high scores for local employment and financial resources. Meanwhile, Spanish regions try to generate strategies and territorial plans; but they are as weak as their French counterparts (probably, an unwelcome transplanted externality).

6. CONCLUSIONS

Should we be asked to draw a picture of the Spanish LSR planning, it is a fairly regulated ground. Differences between large and small retailers' market share were to be reduced in the name of retail sector modernization. New formats of peripheral retailing were increasingly important, such as multiplex cinemas; leisure outlets; factory outlets; retail parks, etc., and retail policymakers transplanted a system that had several failures. Basically, misunderstanding the institutional environment of planning and business development in Spain and adopting willy-nilly the whole set of French tools cost a decade of old-fashioned LSR planning.

Moreover, it was adopted without a thorough analysis of pros and cons of the source system. Furthermore, the donor system had already recognized some imperfections in the way French retail planning had been implemented, such as the lack of coordination between political institutions and planning goals.

Provided that one basic goal was to tackle downtown retailing downfall versus peripheral outlets, it proved to be a failure. Spanish policymakers refine their copied model at regional and national level, increasing the fragmentation of retail sector goals and adding more restrictions to new stores. Local administration, meanwhile, contributes to the wrong model with their contradictory claim for both downtown revitalization and local financial wealth, using LSR development as the device to attract investors.

NOTES

¹ See for example a biography at <<http://www.cidob.org/bios/castellano/lideres/g-010.htm>>.

² Ex-Minister Rafael Arias Salgado, formerly in charge of *Ministerio de Fomento* –Ministry of Development– and promotor of deregulation policies in planning, land markets and spatial items from 1996 to 2001, is now the president of Carrefour Spain.

³ The press echoed the last comical chapter of Spanish of LSR planning (e.g. Expansion, 20-VI-2000, CincoDías, 16-V-2000). As in June 2001 regions blocked 33 new LSR projects, Ministry of Economic Affairs accused them of impeding development. Meanwhile middle-scale retailers blame central government as they regulate opening hours too strictly and favour hypermarket chains. In the meantime, regions threatened to create regional competition courts, as the central government had not enforced the Competition Court's action sufficiently.

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BRINGING DEMOCRACY TO 'THE WEST'

Democratic institutions and good governance in the Netherlands Antilles

1. INTRODUCTION

Democratic political structures in the Netherlands Antilles have been created by institutional architects from the Netherlands in the early 1950s when the former colonies 'in the West'¹ were granted self-government. Although the Antillean constitutional system doesn't differ very much from its Dutch counterpart, the governance practices of the Netherlands Antilles are often considered ineffective and in certain ways nepotistic – especially when compared to Dutch practices. This chapter examines this discrepancy. Firstly it presents the current problems of the Netherlands Antilles and its governance practices, also considering how the remaining ties with the Netherlands interfere with the perception of poor governance. Secondly it discusses conventional explanations of this poor performance, such as size, insularity, geography and lack of experience. Finally it examines democratisation as the transplantation of democratic institutions to show that only some formal institutions have been copied but not other fundamental institutions, such as a sense of national identity and public interest and basic values such as equality and tolerance.

The Netherlands Antilles presently consists of five Caribbean islands: Curaçao, Bonaire, Sint Maarten, Sint Eustatius (also known as Statia) and Saba. All are part of the Lesser Antilles. The Leeward Islands (Curaçao and Bonaire) are situated about 50 kilometres off the coast of Venezuela (next to Aruba, another Dutch territory that was part of the Netherlands Antilles until 1986). The other three smaller islands, the Windward Islands², are located about 900 kilometers from there (Map 1). The islands are very diverse in size both in terms of surface and population. Curaçao is the largest and most populated island; it is twice as large as Bonaire but ten times more populated; and it is 35 times larger than Saba and a hundred times more populated (Table 1).

With the 1954 Statute for the Kingdom of the Netherlands, the Netherlands Antilles (then featuring a sixth island Aruba) became an autonomous country in a federation with the Netherlands and Suriname. Suriname became independent in 1975 and Aruba seceded from the Netherlands Antilles in 1986, but the federation remains. Defence, foreign affairs, and citizenship are federal competencies, which are handled by a cabinet that consists of the Dutch government and one Antillean

and one Aruban representative. Other competencies (legislation, administration and justice) are the prerogative of the autonomous countries.

Table 1: The Netherlands Antilles: Basic figures

	<i>Surface (km²)</i>	<i>Population (1996)</i>	<i>Population (2001)</i>	<i>Capital city</i>	<i>Seats in Staten</i>
Curaçao	442	152,700	130,000	Willemstad	14
(+ Klein-Curaçao)	2	0	0		
Bonaire	281	14,700	14,400	Kralendijk	3
(+ Klein-Bonaire)	7	0	0		
St. Maarten*	34	36,200	40,100	Philipsburg	3
St. Eustatius	21	2,600	n.a.	Oranjestad	1
Saba	13	1,500	n.a.	The Bottom	1
Total	800	207,600	n.a.	Willemstad	22

*The rest of the island (total 86 km²) is under French jurisdiction: Saint Martin belongs to the French *département* of Guadeloupe.

Source: Bakker & Van der Veer, 1999, *Amigoe* (January-April 2001).

The 1954 *Statuut* was then seen as a step towards independence. But fifty years later, the Netherlands Antilles and Aruba are still associated to the Netherlands. In the 1980s and the 1990s many commissions and conferences have been devoted to reforms of the federation and of the country. In the 1990s the Netherlands began to accept that self-determination did not necessarily imply independence, and the Dutch criticisms of the politics of Antillean democracy intensified, thereby supporting local critics of the political and administrative system. These criticisms pertain to poor governance, redundant bureaucracy, nepotism, and corruption.

2. POOR GOVERNANCE IN THE NETHERLANDS ANTILLES

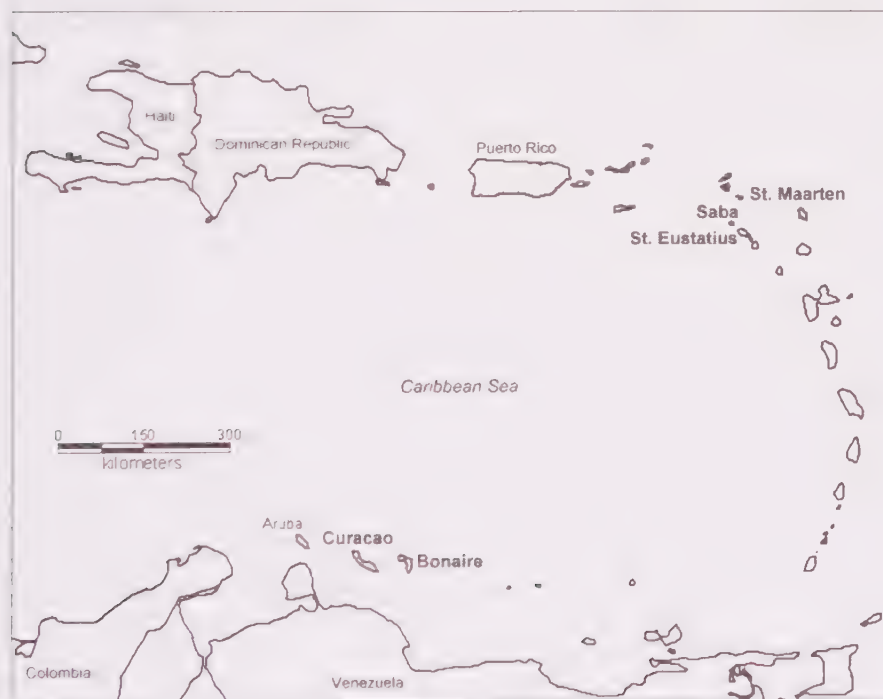
Indeed, the situation of the Antillean democracy and the Netherlands Antilles in general is worrisome. In the last decade, the economic situation, that was alarming since the closing of the Dutch oil refinery in 1985 and the end of some lucrative tax arrangements in the same period, became disastrous. High unemployment rates³ and a decline in (foreign) investment have undermined the financial basis of the government while a larger proportion of the population receives welfare benefits. The Antillean economy has shrank every year since 1996; in 2000 alone, it shrank by an estimated 4.4% of the gross domestic product (GDP) (Romero, 2001).

The public debt went sky-high and foreign debt represented 73% of the Gross Domestic Product (GDP) in 1998. Private bank loans were needed to pay the salaries of the civil servants of Curaçao. The country did not have enough financial reserves to cover three months of importation (an international standard on the matter) (Bakker & Van der Veer, 1999, p. 40). On the other hand, the government often did not spend all the development funds allocated to it by the Netherlands. In 1990, 36 million NAF⁴ out of the 85 million allocated to Curaçao had to be sent back to the

Netherlands because the government wasn't able to invest the money in a way the Dutch government would sanction (Smits, 1996, p. 16).

Financial problems are not the only ones the government has to tackle. Fighting crime is a major issue. Crime rates are much higher than in the Netherlands, especially street robbery (five times higher) (Nauta, 2000, p. 31), but those supposed to be fighting crime, the police and the detention employees, have become discredited. Recently half of the employees of the different jails were dismissed as an official investigation has proven that corruption abundantly flourished in the Bon Futuro Jail (the new name of the notorious Koraal Specht) and the Prison Blanche in St. Maarten (*Algemeen Dagblad*, 11 October 2001). In the summer of 2000, the police squads of Curaçao and Sint Maarten were criticized because a significant number of officers were involved in criminal and illegal activities, like bank robberies and the drug trade (NRC, 14 July 2000).

Map 1: The Caribbean with the Netherlands Antilles (and Aruba).



Corruption scandals have affected several politicians, the most famous one being Claude Wathey the leader of the Democratic Party in Sint Maarten for about 40 years when the island grew from about 2,000 to about 35,000 inhabitants. He had to retire from politics in 1992 after funds for the renewal of the airport had disappeared. Eventually he was convicted for corruption but died of a heart attack in

1998 before serving a two years prison sentence (Bakker & Van der Veer, 1999, p. 36). Many other politicians are involved in fraud investigations.

The Antillean administration is characterised by a redundant bureaucracy⁵, fraud and corruption (Bureau Constitutionele Zaken, 1999, pp.17-19). In addition, civil servants are often incompetent, as they have been appointed because of their political connections, not their skills. An agreement to freeze recruitment announced during the 1979 elections was not implemented (Tromp, Wawoe, & De Windt Ra, 1999) because jobs are distributed by politicians to win votes. In 1992, one third of the labour population was employed in administration, education and health services (Bakker & Van der Veer, 1999, p. 77). Both public expenditures and civil servant salaries continued to grow during 1980s and the 1990s, despite all the rhetoric about budget cuts and readjustments. 70% of the Dutch funds (loans and gifts) went to the administration (Assistant Secretary for Kingdom Affairs Gijs De Vries, in *De Volkskrant*, 8 December 1998).

Scholarships and unemployment benefits are also distributed on political grounds (Nauta, 2000, pp. 60-61). In 1992, one third of the total amount of welfare benefits turned out to be have been attributed on an illegal basis (Römer, 1998, p. 42), corresponding to 20,000 extra claimants that were granted benefits as a political favour. At that point 60,000 people, that is 40% of the population of Curaçao received welfare benefits.

The educational system faces even more fundamental problems, especially in the Leeward Islands due to language problems and the poor infrastructure. Dutch, the official language of the Netherlands Antilles, is the language of instruction but a foreign language to most children. Most families speak Papamientu at home in the Leeward Islands, English is predominant in the Windward Islands, where it is increasingly used as the language of instruction. Secondary education is available in Curaçao and in Aruba, the other Dutch island, and both have their own small university with a law and social science faculty. Those who want to study something else have to emigrate, generally to the Netherlands or to the USA.

The Catholic Church originally provided primary education, copying the Dutch system, but it has never functioned very well. Secular teachers have replaced nuns and priests, but they are still trained in the Netherlands. The system functions particularly badly: 60% of children repeat one or more classes (which is almost ten times higher than in the Netherlands) and more than 40% of 15 – 24 year old leave school without having passed their exams. These striking figures explain the poor educational level of the Antillean population; only 18% are highly educated (census 1992) which is in fact very low in comparison to 62% in the Netherlands, especially considering that the level labelled 'highly educated' is lower in the Caribbean than in Europe⁶.

All these problems are familiar to most former colonies. The Netherlands Antilles scores however relatively well on economic indicators and political stability, compared to the neighbouring countries in the Caribbean; this explains the sustained immigration from the neighbouring islands. Still, the Antilleans are unsatisfied because the Antillean situation is constantly compared to its Dutch model. Due to the enduring institutional ties with the Netherlands as well as strong social ties through migration (the Antillean population in the Netherlands amounts

to 120,000; that is about half the population of the islands),⁷ patronage and clientelism, a phenomenon much removed from Dutch politics, appear as perverted democratic institutions. Likewise the Antillean party system and its conflict model (Verton, quoted in Nauta, 2000, p. 56) cannot be more removed to the consensual Dutch politics, presently known as the 'poldermodel'. The Dutch tend to voice criticisms as well, as they are still institutionally associated to the Antilles and they monitor the spending of their development aid. It is however important to stress that criticisms come primarily from the Antilleans themselves.⁸

3. EXPLAINING POOR GOVERNANCE (1): GEOGRAPHY AND HISTORY

The factors generally put forward to explain the divergence between Dutch and Antillean politics are the size of the polity, insularism, geography, and the limited experience with democracy (for example Dalhuisen, Donk, Hoeffte, & Steegh, 1997, p. 110). All four factors refer to causes that cannot be changed; history and geography cannot be adjusted. By contrast, looking at democratisation as transplantation of democratic institutions, as we suggest in the next section, provides clues about the possible policies and grassroots actions needed to tackle the current political problems. Nevertheless it is helpful to first assess these conventional explanations.

3.2 Size: *The burden of microstates*

Microstates have long been thought to be non-viable because they were not large enough to perform most state functions. This problem is a well-known dilemma in the de-colonisation of the Caribbean, which has brought about many microstates.

The small size makes the state or the political entity vulnerable for attacks from outside and economically dependent on foreign trade; and it brings about many diseconomies of scale, such as a strong drain on the financial and intellectual resources of the population to sustain administrative functions. In addition, the small size of the population makes relationships personal and favours clientelism and patronage. Politicians' roles are blurred with other personal roles, which makes it difficult to avoid nepotism (Römer, 1998, p. 40). Edie (1991, p. 15) speaks of dual clientelism in the Caribbean: clientelism between politicians and their electors inside the country is paralleled by an external clientelism between the country and a foreign power as patron (international dependency as an external dimension of clientelism). Despite the formal equality between partners in the Kingdom of the Netherlands, the Antilles is in a dependent position toward the Netherlands due to obvious size differences and financial dependency. The tension between formal equality and real relationships leads to frustration and resentment against the Dutch patron.

All these diseconomies of scale are exacerbated in the Netherlands Antilles because it is constituted of different islands,⁹ many of them are extremely small and they are located far from each other (the distance between Curaçao and Sint Maarten

is three times the distance between the Northern and the Southern points of the Netherlands). This brings us to the second factor.

3.2 *Insularism and its historical background*

Insularism is used in the Netherlands Antilles to refer to Antilleans' strong orientation toward their own islands. As a result, solidarity between the islands is limited; a phenomenon typical of the Caribbean that has also led to the demise of the West Indian Federation formed by former British islands (1959-1962).

It is not surprising that the islands cannot be easily seen as a whole, considering the distance between the Leeward and the Windward Islands, as well as the different colonial history, and the differences in demographics (including race, language and religion) and economics. While the economy of Curaçao was built on the slave trade¹⁰, the colonisation of Sint Eustatius and Saba involved European settlers (Irishmen and Scots) and small-scale agriculture.

Nevertheless the islands have been under Dutch rule, along with Aruba, since the 17th century. The Dutch colonies in the West were governed by an enterprise, the West-Indische Compagnie (founded in 1621) until 1792. French rule in the Netherlands transformed the Republic in a Kingdom (Napoleon established his brother as the King) with a Department of Trade and Colonies in 1806 (Van Aller, 1994, p. 15). The islands were conquered and re-conquered several times in this period before falling under British Rule and they were eventually given back to the Netherlands in 1816¹¹. After 1816, they were first administered as two separate colonies: the Windward Islands and the Leeward Islands. In 1828 they were united with Suriname as one colony and governed from Paramaribo by a governor-general, and they were re-established in 1845 as a separate administrative entity: 'Curaçao and dependencies'.

After the Second World War, reforms institutionalised island representation in the parliament and island districts, both further strengthened by island politics. Political parties are island-based and represent island interests (Table 2). There is not much sense of an overarching Antillean interest. It is important to recall that the first party created in Aruba during the Second World War was the *Arubaanse Volkspartij* (Aruban People's Party) that strived for separation, not from the Netherlands, but from Curaçao. Even before that, Sint Maarten campaigned at the beginning of the 20th century against Willemstad rule and for a separate Windward colony¹² (although they did not get the support of Saba and Sint Eustatius).

The resentment of the other islands against Willemstad and Curaçao is lasting. Aruban demands led to many discussions about the distribution of parliamentary seats between the islands around 1950. The first proposal in 1948 distributed six seats to Curaçao, two to Aruba, and one each to Bonaire and to the Windward Islands (Dalhuisen *et al.*, 1997, p. 146), but Arubans felt underrepresented. Then came a proposal with twelve seats for Curaçao and seven for Aruba, but the Aruban counterproposal featured eight seats for each of the two largest islands. Finally in the 1951 interim regulation, there were twelve seats for Curaçao, eight for Aruba, one for Bonaire and one for the three Windward Islands.

In addition, the administrative organization of the country was reshuffled with the introduction of the Islands Regulation Netherlands Antilles in 1951, that gave autonomy to the island districts in relation to the Antillean capital city Willemstad (in Curaçao). At that time the three Windward Islands taken together formed one political entity. Each island district has an appointed mayor (as municipalities in the Netherlands) and an elected island council. The government of each island consists of the mayor and the aldermen. In 1986, the Windward Islands district split into three separate island districts¹³

The general strike that resulted in the riots of 30 May 1969 in Willemstad was followed by the electoral success of the socialist party *Frente Obrero i Liberashon 30 di Mei* (FOL) that was the first party to represent the interests of the Afro-Curaçaoan working-class. These events revived fear in the other islands, especially in Aruba, about the dominance of Curaçaoans in Antillean politics. As a result, the renewed demand from Aruba for more autonomy from Curaçao finally led to its secession¹⁴. On the Windward Islands, the same mechanism produced resentment of the two smallest islands against the now prosperous Sint Maarten, and they finally obtained each their own island district in 1983. Their relation with Willemstad still remains disputed (NRC, 26 June 2000).

The present distribution of *Staten* seats, after the secession of Aruba and the separation of the three Windward islands, is as follows: fourteen seats for Curaçao, three for Bonaire, three for Sint Maarten, one for Sint Eustatius and one for Saba (Table 2). This gives even the smallest island one seat, which accounts for an electoral threshold of one tenth for a Curaçaoan seat.

3.3 Geography

This third explanation is geographical location, meaning that there is some kind of Caribbean factor. 'Geography' is no more than a shortcut for common history of slavery, colonialism and economic dependency. As such, location is however not very helpful to understand which mechanisms affect governance practices in the Netherlands Antilles. For the Leeward Islands, proximity to the Latin American coast means that incorporation into Venezuela is an option (that has been discussed from time to time), while cooperation with former British Leeward Islands¹⁵ is thinkable for the Windward Islands. However for all islands, the present situation is that mighty states in the regions, the United States and Venezuela, both prefer the continuation of the Dutch federal arrangement for the sake of stability in the region and (Sedoc-Dahlberg, 1990).

3.4 Lack of experience

Another often heard excuse for weak democracy is the lack of experience, a familiar argument when it comes to former colonies. But democratisation has a rather long history in the Dutch Caribbean. From 1848 onwards, a consultative Colonial Council (*Koloniale Raad*) assisted the governor of Curaçao and dependencies. The members of the Council were appointed by the Crown. They

were Dutch, just like the governor and the civil servants, or white Curaçaoans, if they were Antilleans. From 1862 onwards, the Antillean elite demanded the right to elect their representatives, as was already the case in Suriname. It was only in the Statute of 1936 (that followed the new Constitution of 1922, which transformed colonies into overseas territories) that a parliament (*de Staten*) was established. Five of the fifteen Members were appointed by the governor (a seat was reserved for a representative of Shell that had opened an oil refinery in Curaçao in 1918). The other ten were elected but franchise was limited a very small group of men (paying more than the high threshold or having certain military or educational occupations). Antillean institutions were democratised in 1948, the first direct general election by universal suffrage took place in 1949.

Table 2: The Staten seats after the 30 January 1998 and the 18 January 2002 elections

<i>Political Parties*</i>		<i>1998 Votes %</i>	<i>1998 Seats N</i>	<i>2002 Votes %</i>	<i>2002 Seats N</i>
C.	Partido Antiá Restrukturá (PAR)	18.9	4	20.6	4
	Partido Nashonal di Pueblo (PNP)	14.9	3	13.4	3
	P. Laboral Krusado Populara (PLKP)	13.9	3	12.1	2
	Frente Obrero i Liberashon 30 di Mei (FOL)	10.4	2	23.0	5
	Movimentu Antiyas Nobo (MAN)	8.4	2	5.2	
B.	Partido Democratico Boneriano (PDB)	2.8	2	2.6	1
	Union Patriotico Boneriano (UPB)	2.5	1	3.6	2
StM	Democratic Party (DP-StM)	5.3	2	5.5	2
	St-Maarten Patriotic Alliance (SPA) & Serious Alternative People's Party (SAPP)	3.7	1		
	National Alliance (= SPA & National Progressive Party)			4.8	1
StE	Sint-Eustatius Alliance (SEA)	0.5	1		
	Democratic Party (DP-StE)			0.5	1
Saba	Windward Islands People's Movement (WIPM)	0.4	1	0.5	1

* Only parties obtaining seats in 1998 and/or in 2002 are mentioned. Some Curaçaoan political parties failed to do so, while they obtained a much larger share of the votes than successful parties in Saba or Sint-Eustatius.

NB: After the 1998 elections, PNP, PLKP, SIFOL, PDB, DPSM, SEA and WIPM formed a coalition led by Suzy Römer (PNP) that resigned in October 1999. It was replaced by a coalition of PAR, PNP, SIFOL, MAN, PDB, DPSM, SEA and WIPM led by Miguel Pourier (PAR). There was no new coalition formed by the time of writing (April 2002).

Sources: Bakker & Van der Veer, 1999, p. 76; Cijntje, 1999;

<<http://www.electionworld.org/netherlandsantilles.htm>>, *De Volkskrant*, 16 Mei 1998, 4 November 1999.

Anyway, by itself, the recent establishment of democratic institutions would not explain their poor performance. Some young democracies, such as the Federal Republic of Germany, the Czech Republic or post-Franco Spain, were soon functioning rather satisfactorily. Other states have long been independent and

democratic – in name – without being perceived as well-functioning democracies (for example Colombia or certain Southern states of the USA in the eyes of other Americans and many Europeans). In fact, it is certainly not that easy to establish what a properly functioning democracy is, or even what a democracy is.

4. EXPLAINING POOR GOVERNANCE (2): THE PARTIAL TRANSPLANTATION OF DEMOCRATIC INSTITUTIONS

Many institutions of the mother country have been copied on the territories just obtaining independence or autonomy, without wondering whether they would suit a people that is different from the mother country regarding its disposition, historical development and culture (Oscar Castillo, historian and PAR-politician, quoted in Dalhuisen *et al.*, 1997, p. 111, our translation).

When democratisation is seen as a process of institutional transplantation from donor countries in Western Europe and North America where modern democracy emerged, to other continents, we can re-examine the poor performance in the Netherlands Antilles as a case of incomplete transplantation. It is then necessary to specify what institutions constitute a democracy. Defining democracy is no easy task and political scientists tend to hesitate between two extreme positions. The first is purely theoretical and consists of identifying the fundamental principles of democracy: the second is purely empirical and consists of the inventory of common characteristics of countries known as democratic (Beetham, 1994). An institutional approach can steer a middle course by scrutinizing specific democratic institutions and their contribution to a democracy.

Basic democratic institutions include free and fair elections, universal suffrage, open and accountable government, division of power, and civil and political rights. One should stress that the rise of modern democracy in Western Europe went along with individualism and humanism and the institutionalisation of basic values as freedom, equality, brotherhood (e.g. solidarity) and tolerance. In his influential study of the implementation of regional institutions in Italy, Robert Putnam (1993) shows how civic community boosts the performance of the regions, measuring civic community through civic engagement, equality, solidarity, trust, tolerance, and associative traditions.

4.1 Transplanting formal democratic institutions. The democratic hardware

The formal institutions transplanted to the West are not the spitting image of the ones in the Netherlands, but they have been built by Dutch architects that adapted familiar principles to a much smaller polity than the Netherlands. The Antillean parliament for example is unicameral, while the Dutch parliament isn't. There are only two administrative layers, i.e. the country and the island districts, while there are three in the Netherlands, i.e. the state, the provinces, and the municipalities.

The constitution transplanted to the West largely satisfies the formal requirement of a democracy: universal suffrage, free elections, freedom of speech, freedom of association, *trias politica*, etc. all are inscribed in the Statute. There are several

omissions, compared to the Dutch constitution, that should be mentioned such as limited social rights, no administrative court (Nauta, 2000, p. 104) and until recently no ombudsman. Adequate governance ('deugdelijk bestuur' in Dutch) is not inscribed in the Statute either (Bureau Constitutionele Zaken, 1999, p. 19).

The main problems of the Antillean democracy are the ways in which constitutional institutions are put into practice. There is a huge gap between the formal institutions and the informal ones. This is true for example of the *trias politica*, the division of power between executive, legislative and judiciary power. Although the parliament has a vast range of political instruments to control the executive, in practice the *Staten* resembles more an approval committee rather than a deliberative chamber (Van Aller, 1994, p. 521). The ministers benefit from the strong fragmentation of the party system and from the party discipline since they can count on the unconditional support of the *Staten* Members of the coalition (Bureau Constitutionele Zaken, 1999, p. 32). This paralysis is common to many parliaments around the world; which is worse in the Antillean case because party rivalry leads to a polarization between the parties in power and the parties in opposition and to the complete exclusion of the opposition from the decision making process. For example, the government withholds information from the opposition parties (Verton, 1990) and ministers simply don't show up in meetings with the parliamentarians when they don't feel like it (*Amigoe*, 9 December 2001).

Despite the polarization between the political parties, the heart of the clashes is in many cases not the substance of the proposed policies, but personal issues. Political rivals, eager to discredit their opponent, are not reluctant to start throwing mud (Dalhuisen *et al.*, 1997, p. 111). This can lead to a situation in which decisions are made for personal gains and are not based on substantive arguments (Verton, 1990, p. 75). Antillean parties are not programmatic parties, but mere political machines that generate votes for a charismatic leader.

To gather votes the Antillean politician has to create a more or less personal relationship with electors. This relationship necessitates charisma and the representative has to be involved with individual or particularistic problems of his/her electorate (Dalhuisen *et al.*, 1997, pp. 108-109). In exchange for electoral support, the politician has to distribute gifts to members of the group after the elections. In many cases, these rewards consist of jobs, scholarships, social benefits and the like that are attributed as favours (Verton, 1990, p. 9).

These practices fit the expectations of the Antillean voters, as politicians like to underline to absolve themselves. The former Prime Minister of Aruba Croes stated:

It is clear that in such a societal and political context, an impersonal policy, paired with unpopular measures, aimed at an abstract 'general interest' is undesirable for many electors, and therefore for many members of government. (...) 'Good government' in such a situation is not only 'bad politics', it is even fatal for the politician (Croes, 1995, p. 31, our translation).

Errol Cova, the former chairman of the Antillean Parliament, phrases it even more succinctly: 'you will not be rewarded for honest politics' (Nauta, 2000, p.63). Indeed the 2002 elections showed again that the official corruption investigation against the

FOL did not affect popularity among electors: this political party gained the largest share of votes (Table 2).

Good politics in the Netherlands Antilles means clientelistic politics, which means a relationship between politicians and electorate that is often described as political patronage. Political patrons are not concerned with the national interest, but with the distribution of wealth and benefits to their rank and file, in order to stay in power. Politicians are not elected to defend and implement a national policy, but to get in power in order to supply their supporters with assistance (Van Aller & Swaen, 1998, p. 59). The resulting policies are inadequate because they are determined by the short term and particularistic interests of the electorate who brought the parties in power (Klomp, 1983, p. 201).

4.2 Missing institutions: The forgotten software

Patronage and clientelism underscore lacking democratic values in the Antillean policies: equality, trust and tolerance. This is caused by the social stratification of the Antillean society that is a direct legacy of its colonial system and slavery.

After the abolition of slavery in 1863, the formal legal stratification was continued informally. The power remained in the hands of a white and wealthy elite. The former slaves remain dependent on the white elite; they were not able to supply themselves in their basic needs and had therefore to accept a subordinate position in the Antillean society (Schrils, 1990, p. 80). Within this stratification, the rule was 'the whiter the better' (Hoetink, 1958, p. 125). It has been strengthened by religious affiliations, as the white population is predominantly Protestant or Jewish, while blacks are generally Roman Catholic.

The industrialization of the Leeward Islands in the 20th century brought wealth to the Netherlands Antilles, but the black population benefited the least and the least of the new prosperity (Römer, 1998, p. 55). The autonomy of the early fifties did not bring any significant change in the situation of black Antilleans. Despite the new opportunities of universal suffrage they were not able to organize themselves and the white and light coloured politicians were still in command of the political parties. The frustration erupted in 1969 when a general strike paralysed the daily life in Curaçao. The chaos and riots of May 30 also heralded a new epoch in the political history of the Netherlands Antilles as a new party was created, the *Frente Obrero i Liberashon 30 di Mei* (FOL), to represent the interest of the black working class (Römer, 1977, p. 187). Not only the FOL brought black politicians into political arena; the other traditional parties followed in its wake and attracted more coloured people as well (Reinders, 1993, p. 33). For the first time in Antillean history, the black Antillean population was directly represented in the government.

Although the new party had a political program aimed at solving some fundamental problems, it also soon turned to clientelistic methods (Cijntje, 1999, p. 14). The persisting incapacity of the government to improve the socio-economic position of the black population leads to extra pressures on the political system to create jobs in the public sector. Although the economy as a whole was not benefiting from these new jobs, a significant number of the marginalised citizens did. For the

first time, it provided opportunities of social mobility to black Antilleans. This redistribution of administrative jobs did not however eliminate class structure. In fact, the social stratification was reproduced as the new, educated black elite explicitly dissociated themselves from the rest of the black population (Van Hulst, 1997, p. 60).

The segmentation of the Antillean society persisted as the time went by. The belief in the inferiority of some somatic characteristics goes hand in hand with the socio-economic situation of particular groups. Until the present day, black households earn on average only one third of the income of white ones. These low wages are partly caused by the extremely poor education level of this population segment; only 12% are highly educated (secondary school or higher). Accordingly, the unemployment rate for the black Antilleans was during the census of 1992, 23%, three times higher than the white population and the gap has grown while the economic situation degenerated.

This socio-somatic stratification is however no exception for the region (Hoetink, 1962, p. 123; Oostindie, 1998, p. 222). It is the breeding ground of patronage that is the only mechanism that bridges the gap between the white wealthy patrons and their black, poor, and low educated clients.

Together with insularism, the social stratification of Antillean society is the main cause of the particularistic orientations of Antillean politics and the lack of a sense of national identity. Antilleans do not think of themselves as members of an Antillean nation or what Benedict Anderson calls an imagined community (1983). Antilleans from different islands or from different social strata do not feel that they share each other's destiny. Under these circumstances, it is not likely that formal democratic procedures produce policies concerned with long-term national interests. There is no 'national interest'; there are only islands and population strata that want help for their individual or particularistic problems.

4.3 Matching hardware and software?

Framing the (dys-)functioning of the Antillean democracy in terms of institutional transplantation, two kinds of conclusions can be drawn, the first is donor centric while the other focuses on the specificity of the host. The first evaluates the present situation as the result of an incomplete transplantation and calls for the transplantation of additional institutions such as tolerance and equality. The second posits that the donated institutions are transformed by the host society and that the Caribbean democratic practices should be acknowledged as a different type of democracy than the Dutch practices, a variant that fits Caribbean society better. There is some truth in both points but the threatening financial bankruptcy has shown the limit of the Caribbean model and convinced many Antilleans that clientelistic practices are unsustainable in the long run.

Recent changes seem to point to an effort to stimulate nation building such as the establishment of a nation building committee (Commissie Natievorming, 1996), a national day, *Antillendag* on 21 October (from 1996 onwards) and a national anthem¹⁶ that was written five years ago by the St. Maarten born Zahira Hilliman

(*Amigoe*, 22 October 2001). The new party for Antillean restructuring PAR was a new voice in politics. It is a Curaçaoan party, but its leader Miguel Pourier is born in Bonaire, which has been acknowledged as unique (Bakker & Van der Veer, 1999, p. 35). The party also strives toward restructuring through austerity, tax increase and downsized administration. Its overwhelming electoral success in 1994 (eight of the twelve Curaçaoan seats) shows that restructuring appealed to many Antilleans; but it didn't last. At the 1998 elections, it lost half its seats; demonstrating the difficulties to accept the harsh consequences of austerity measures for the poorer Antilleans; on top of that, it was excluded from the new coalition, although it was still the largest party.

In 1996, Prime Minister Pourier asked the International Monetary Funds (IMF) for help. The IMF prepared a structural adjustment plan to reorganize public finances and the Netherlands has promised additional financial help if it was implemented. This was largely delayed by the refusal of the other Antillean political parties to accept the plan, which finally led to a new financial impulse from The Hague in October 2000. The national recovery plan proposed to lay off one third of the civil servants (Tromp *et al.*, 1999; Nauta, 2000, p. 35). Eventually 25% were fired in 2000 (*De Volkskrant*, 30 May 2001). The results of the 2002 election show however that these painful measurements were not acceptable anymore for the Antillean population. The FOL party, one of the main opponents of the IMF plans, turned out to be the main winner of the latest election. A sizeable segment of the electorate were clearly not interested in such restructuring issues, namely those who had obtained the little they have, through patronage and did not expect that restructuring would eventually foster equality, tolerance and trust in Antillean society.

5. CONCLUSION

The story of the democratisation of the Netherlands Antilles shows that transplanting constitutional arrangements is not enough to obtain a full-blown western democracy. Political culture (that is: norms, values and habits) plays a key role too. In the case of the Netherlands Antilles, the equality assumption on which democracy is grounded is frustrated by the legacy of a long history of slavery. Up to this day, Antillean society in general, and Curaçaoan society in particular, remains characterised by strong social stratification based on race. This profound social inequality is the breeding ground for clientelism. Poverty and the low level of education both maintain patronage as the predominant political mechanism. Until now, patronage and clientelism did not prevent the Netherlands Antilles to be a relatively prosperous and politically stable society, compared to the rest of the Caribbean. It seems that the ties with the Netherlands prevented the Antillean State from crumbling (Dietz & Focken, 2001). Still, the situation worsened so much during the 1990s that one now talks of a 'Surinamese situation'.

One may wonder whether Antilleans who consider the democratisation of the Antilles as an incomplete transplantation, will be able to transplant complementary institutions such as tolerance and equality any time soon. Unfortunately public

discussions deal again and again with the formal relations between the components of the Kingdom, despite the fact that these formal institutions are definitely not the reforms most needed to improve the governance and democracy in the Netherlands Antilles. Whether independence could benefit the fostering of a democratic political culture is difficult to tell, it would probably give Antilleans more opportunity to look to other models, rather than just copying the Dutch. Meanwhile the Dutch are in an uncomfortable position: if they support the local proponents of more institutional transplantation, they are likely to foster extra resistance to the reforms. Typically, this is the predicament of the representatives of a desired model: if they support the local reformers they are condemned for imposing transplantation but if they do not, they are criticised for their lack of interest.

NOTES

1 As the colonies in the Caribbean (e.g. the West Indies) were called, as opposed to the colonies in the East, the Dutch Indies.

2 Note that the Dutch Windward Islands are located amidst what the British call the Leeward Islands.

3 The overall unemployment rate is 15%, even 18% in Curaçao in 1998 (Bakker & van der Veer, 1999, p. 77); 28% among women and 40% among young people in 1999 according to *Amigoe*, 26 October 1999.

4 The local currency, Netherlands Antillean Florin, is coupled to the US dollar.

5 According to a report of the consultancy firm KPMG, two thirds of the 2600 Curaçao civil servants were redundant, and this number was estimated at 3,500 to 4,000 for the NA functionaries (NRC, 15 Oktober 1999 <<http://www.nrc.nl/W2/Lab/Antillen/>>)

6 In the Netherlands Antilles, the 4th grade of secondary school VWO or HAVO and MBO is the threshold, while the training should be successfully completed with a graduation for the Dutch statistics.

7 Emigration is increasing. About 5% of the inhabitants left the country in 1999 (6% for Curaçao), 80% went to the Netherlands (Van Leusden, 2001).

8 Academics, politicians, functionaries, unionists, journalists and entrepreneurs interviewed by Oberon Nauta during his fieldwork in Curaçao in September-December 1999 all voiced strong critiques of Antillean democratic practices (Nauta, 2000).

9 It is already a burden to have an airport for such a small population but the Netherlands Antilles has five!

10 It is estimated that over a half million slaves were 'traded' by the Dutch through Curaçao between 1650 and 1750 (Bakker & van der Veer, 1999, p. 14). Slavery was finally abolished in 1863.

11 According to Van Aller (1994, p. 49), Saba underwent twelve flag changes, Sint Maarten sixteen, and Sint Eustatius 22 before definitive restitution to the Netherlands in 1816.

12 Indeed, the islands were neglected by the governor based in Willemstad. Between 1860 and 1901 only one governor visited the Windward Islands (Dalhuizen *et al.* 1997, p. 145).

13 The Island Council of Curaçao has 21 members, Bonaire has nine and the Island Councils of the other three islands have five members each.

14 Aruba became an autonomous country within the federation, a *status aparte* demanded by the Arubans, but accepted by the Dutch on the condition that it was a first step towards independence that was scheduled ten years later in 1996. However this provision was eventually revoked in 1993. The new federation also provides for cooperation between Aruba and the Netherlands Antilles, for example they have a common Court of Justice.

15 See note 2.

16 In English and Papiamentu but not in Dutch, the official language, <<http://www.gov.an/index-volkslied.html>>.

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FRANK DEN HERTOOG & MARTIN DE JONG

WEST GERMAN SCHOOL SYSTEMS FOR THE NEW *LÄNDER*

The reform of the educational system in the former GDR after the German reunification

1. INTRODUCTION

While the fall of the Berlin Wall in 1989 had wide repercussions around the globe, the effects on Germany have been more pervasive. It was the beginning of a reunification process of the two previously united German states that were separated after World War II, and for which the term 'family of nations' seems to be an understatement. In spite of the forty years of separate state existence, and the fact that during those days the two Germanies represented competing political and economic ideologies, both states defined their inhabitants as (the better part of) the German nation. This makes the German project of reunification a unique case for the analyst of institutional transplantation. Fewer than a handful of other examples of divided nations can be given such. North and South Korea, China and Taiwan and perhaps Cyprus, with Turkey and Greece being the respective dominating nations (Taylor & Flint, 2000).

The early days of German reunification took place in an atmosphere of euphoria. The majority of the East-German people expected more prosperity in the sense of economic welfare, and increasing freedom of speech in a democratic system within which their wishes would be heard (Wagner, 1996). The existence of a ready-made West German state, formed and reformed since 1949, was generally seen as an advantage in the profound process of transformation that Eastern Germany would have to go through: especially when compared to the other former satellite states of the Soviet Union. Whereas the new rulers of most Eastern European countries were faced with the problem of how to institutionalise and put into effect a democratic political system paired with a vibrant market economy offering potential for higher growth levels, in Eastern Germany the rulers did not have to worry about creating all the new institutional structures; they did not have to start 'from scratch'. Such institutions were available 'by Xerox' (Rose & Haerpfer, 1996), even the help to build the structures would come from inside the state, brought in by Western German experts with more experience in institutional development and policy making in a liberal democratic context. The solidarity for their fellow compatriots was deeply felt by the West Germans and resulted in financial, juridical and personal help. Radical reforms were necessary to achieve the goals of the reunification, ones

that would transform practically all the structures of 'real socialism' to fit the newly, enlarged structure of the Federal Republic of Germany. Federal decentralisation, a typical consequence of the negotiations of the Allies after World War II and aimed at preventing a united Germany from ever upsetting the world again, was one of the main concepts in the political build-up of West Germany that now had to be introduced into the legal framework for the former GDR (Laufer & Münch, 1997).

Now, a few years after the fall of the Berlin Wall, the climate has changed dramatically, as several authors have shown. Mai (1997) describes how discontent among the East Germans led them to lament the replacement of their own familiar traffic lights with Western models, to reintroduce typical East-German products like Spee washing powder and to flirt with former Communist symbols such as banners. In the day-to-day life a kind of melancholy for the past has crept in: "Es war nicht alles schlecht in der DDR" (transl: not everything was bad in the GDR). Explicit displays of this *Ostalgia* have been referenced on various occasions, such as in the film *Sonnenallee*. Jacoby (2000) writes:

Gauging the legitimization of new institutions in eastern Germany since 1990 is tricky. There is ample evidence that dissatisfaction is high, especially with the deep economic slump. In 1997, almost 25% of Eastern Germans said the GDR system was better than the FRG system, indicating a strikingly high level of discontent (Jacoby, 2000, p. 18).

At this stage one might ask if this is not gradually becoming a textbook example of what Hechter (1977) calls 'internal colonialism', a situation where the periphery of a nation is forced to live up to cultural patterns and role models developed in the core and where high positions of the state apparatus and industry are generally occupied by people derived from the core culture. Such asymmetry could ultimately lead to an ethnoregional, political movement that organises and strengthens the identity of the peripheral group. It could even trigger counter mobilisation against the core power leading to a tendency to call for separatism. Hechter contrasted his model of internal colonialism with the more benign 'diffusion model' where regular interaction exists between people from core and periphery, where the economic development is spread proportionally, where the national government stimulates the loyalty of the periphery and where the cultural differences are gradually levelled out.

The existence of cultural differences between Easter Germans and West Germans has become undeniable after more than ten years of experience in work-related environments in both parts of the country. Hampden-Turner and Trompenaars (1992) have shown how apparently respective value orientations shifted in the decades before the fall of the Wall. During this period the average East German had become more respectful of authority and hierarchy and more passive when it came to taking the initiative than the average West German. Moreover, at their time of measuring, whereas West-Germany was characterised by its tendency to synthesise problems into wholes, the former GDR had acquired the typical characteristics of a command economy analysing problems down to their constituent elements. The state structure, the legal system and the inescapable adherence of politicians and bureaucrats to the Communist party line have evidently left their marks, but it may be very difficult to demonstrate precisely how this evolution has taken place and which mechanisms have been operative.

In the rest of this chapter we consider the transplantation of secondary school institutions from Western to Eastern Germany, a situation where the ambivalence of benevolent improvement and inconsiderate domineering looms large. In section 2, we will sketch the parameters of the German federal system and more specifically the role the German states perform in education policies. An outline is given of the changes envisaged for the newly founded East German states with regard to secondary school legislation and philosophy. A case study of educational reform in Berlin, a city in which influential people from West Berlin were parachuted to guide the transplantation process – is given section 3, while in section 4 we do the same for the case of Saxony, where the involvement of the West was much more subdued and hands-off. In the concluding section 5 we cast a new light on factors facilitating successful institutional transplantation and reasons for increased amenability on the part of a receiver towards concepts coined by a donor in situations of clear power asymmetry.

2. EDUCATION POLICY BECOMES A STATE COMPETENCY

In the new federal framework of a reunited Germany, the former GDR was split into five states¹ the competencies of which closely followed those of their older western counterparts. In extending the federal principle to these new states the philosophy of 'unity in diversity' was explicitly fostered. Nevertheless, as in many other cases of 'unification', it resulted in a situation where many institutional structures of the old FRG were simply extended eastwards.

This general expansion process of the West-German institutional structures was even strengthened by the form in which the joining (*Beitritt*) of the GDR took place. To close the first stage of the reunification process, the last Parliament of the GDR (*Volkssammer*) decided to join the FRG according to article 23 of the constitution of the FRG, which meant that they accepted the West-German constitution would become the constitution of the united Germanies (*Bundesgesetzblatt I*, 1990, p. 2058). In doing so the East Germans became citizens of an established state structure, on the third of October 1990.

Simultaneously, education became a competency of the individual *Länder*, as it had been in the old West Germany. Article 37 of the unification treaty (1990) refers to education and declares that the existing regulations for West German education will form the basic building blocks for the reform of East German education. A clearer statement of the intention to transplant a whole set of institutions would be hard to find.

To build up their respective new education systems, all five new states were linked to 'partner states' that were working with school systems that had been in operation for decades. There were eleven different German educational systems in 1989, one for each West German state. Differences in school system could in some cases lead to complications, for example, some certificates granted by one state, might not easily be comparable for job requirements in another state. Formally, however, the states had signed an agreement stating that *Länder* should recognise each others' diplomas (Jacoby, 2000). After 1990 the five new states plus East

Berlin, states that previously under Soviet influence had all had the same school system², developed in very different directions. They all adopted and transformed to use the school laws of their respective partner states; school laws that varied with regard to the formal aspects of their school systems, but also in their general outlook and philosophy on its contents and goals. The most extreme differences were those between ideas from states in the Southern part of Germany (Bavaria and Baden-Württemberg) with a predominant focus on knowledge transfer (*Wissensvermittlung*), and the Northern states which more strongly carry the imprint of education reformers that followed in the wake of protests in the end of the 1960s (Hamburg, Bremen and Schleswig-Holstein, for instance). The latter point more often to teaching-methods concerning communication, commitment to teamwork and democracy. Because the new states were coupled with neighbouring states or states that had comparable political majorities, this also caused a rift between northern and southern states in the former GDR.

The new states and Berlin, all had to handle the same process of 'transforming' their educational legislation, teaching staff, teaching content and schoolbooks towards standards that more or less connected them with the West-German education system.

To fathom the pervasive impact of the changes, a few words on the previous school system in the former East are necessary. The school system in East Germany before the *Wende*, the collective point of departure for all new states, was characterised by its combined elementary and secondary schools in which pupils of all levels were obliged to attend one and the same comprehensive school for ten years, the so-called *Polytechnische Oberschule* (POS), reflecting the socialist ideals of solidarity and classlessness. Only a small group³, representing about 18% of pupils in each class that had finished the POS, had a chance to continue after their secondary school and attend the 'extended secondary school', the *Erweiterten Oberschule* (EOS). The main goal of education in the GDR was a 'polytechnic' education in which the pupils prepared for apprenticeship in a concrete profession, and were explicitly taught the ideals of the 'real-socialist society'. The realisation of these ideals rested very much in the hands of the teachers who had a fundamental role in the socialisation of the children.

Consequently, the transformation of the school system after the "Wende" had to take place in the midst of a community of teachers educated and trained to be a vital part of processes designed to inculcate the ideology of 'real-socialist ideals' in the upcoming generations.

In the first euphoric months after the fall of the Wall there were all kind of action groups (*Bürgerinitiative*) and round tables across the GDR. Apart from changing the education standards these groups wanted a thorough reform of practically all the extant institutions (Philipsen, 1993). The ideas for education reforms in this first stage were brought in from many sides, from (self-made) specialists as well as from interested people that had direct input into the basic-democratic institutions that filled the vacuum after the collapse of the totalitarian regime of the Communist party.

This period in which the people themselves, under the leadership of civil movements, organised their own reforms did not last very long, since the East

German elections of March 1990 made it clear that reunification of the German states was immanent. This put an end to the reform of the POS (see before) through critical and reflective debate under the motto of 'readiness to change or to conserve, as necessary' (Behrendt, Knoop, Mannschatz, Protz, & Sladek, 1991, p. 38). Since formal reunification only seemed a matter of time, the reform of the school system shifted towards a unification process that primarily focussed on the comparability and compatibility of the systems in West and East Germany. In this process the *Länder* clearly took the lead away from the action groups and remain in charge until today.

In the beginning there was great hope and aspiration to combine the two school systems, namely our structures und their contents. That would have been perfect. But in the end everything was taken from the west and everything that originated from the east was thought away and dredged away. [...] That is a pity, because this was a big chance to improve the educational system (Teacher in East Berlin, translation by the authors).

The transplantation of West-German institutions that also took place in many other branches of government, was believed to be an advantage for the integration of the East-Germans within the wider German society. In addition, the increased variety in school types (grammar schools, integrated comprehensive schools⁴, and *Gymnasiums*) was appreciated. The *Gymnasiums* were especially appreciated and became so attractive that they attract ever growing numbers of students. The above was reason enough for Jacoby (2000) to consider the new secondary education system to be successful, and certainly more successful than the implanted West German-style vocational training. Nevertheless, when it comes to the transfer of policy institutions from West to East, he notes the following:

The effort to extend existing Western institutions into Eastern Germany has forced those western institutions and actors to be agents of their own legitimation; that is, they can call on pre-existing organizations to promote their acceptance. Consider three practical routes to the legitimation of institutions: success (the institutions is legitimate because it is *effective*), ideology (it is *just*) and practice (it is *familiar*). A brief look at Eastern Germany suggests that transferred institutions are struggling on all three fronts and that the weakness of indigenous civil society is telling in each case (Jacoby, 2000, p. 19).

Taking Jacoby's explicit pointing to the aspect of civil society to heart, we will now extend the analysis to the classroom, where interviews were conducted on the cultural impact of the new legislation, and compare two such cases where the social capital of the indigenous agents is used in a radically different manner⁵. First, we look at Berlin, known as 'the laboratory of German unification'. Clearly, West Berlin involvement in the new East Berlin secondary school system was strong. One of the central arguments to move the capital from Bonn to Berlin was the fact that the representatives of Government, Parliament and Senate would be connected with the eastern part of the Republic, i.e. to avert internal colonialism.

Secondly, the transfer to the southern state of Saxony is described, which, in its construction of the school laws and regulations, mainly focused on the conservative, Southern states of Baden-Württemberg and Bavaria. There, the direct influence of these states was exerted in a more hands-off manner.

3. TRANSFERRING FROM WEST TO EAST BERLIN

The central-left (Social Democrats and Alternative List) coalition that was in power in Berlin after 1989 initially wished to establish a school system in East Berlin with, unlike in West Berlin, predominantly comprehensive schools (*Gesamtschulen*) and no *Hauptschulen* and *Realschulen*, grammar schools and main secondary schools. Comprehensive schools were available in relatively large numbers in West Berlin. This school type was the typical result of the 1968 democratisation movement and the politics of the Social Democratic party which had provided mayors for West Berlin for almost 35 years at the time. Because the *Gesamtschulen* were, as were the East German POS, comprehensive schools, one might have expected that this school type would attract even more pupils in the East. The enactment of new education laws was seen as a profound change, but it was expected that at least the well-known comprehensive character of schools would survive as one of the last anchor points.

However, the parents, pupils and especially the new government parliament that came into power after the 1990 Berlin-election prevented this. In the free choice between different school types, a very sizeable group of the East Berlin parents/pupils chose the more specialised schools, and first of all the *Gymnasiums*. This caused the new grand coalition of CDU and SPD – that came into power after the first elections for the united Berlin – to react with a strict eastward extension of the West Berlin school system. In effect, the school system of West Berlin was kept intact and for East Berlin, the transformation of the school structure as it took place was a clear case of ‘horizontal incorporation’.

By the autumn of 1991 the POS was replaced by a school structure in which pupils first attended a collective elementary school for six years and then switched to one of the schools of the tripartite school structure. In 1998, 45% of the Berlin youngsters went to Gymnasias and for certain central districts, Mitte and Prenzlauer Berg, this figure was over 50% (Statistisches Landesamt Berlin, 1998).

The Education Authority (*Schulamt*) was, and still is, responsible for practically all the reforms concerning school matters. The state, through its school inspectorates, has a large influence on the workforce in schools and given its authority as the legislative power that drafted and enacted legislation. It is clear that the institutional transplantation of the school system is a process initiated and elaborated in a political debate dominated by the ‘Western-dominated’ establishment. It became necessary to change various aspects of the moral and societal goals, labour ethic, contents of the education programmes and contents of the schoolbooks.

At the start of the new school system in East Berlin the teaching staff of the existing POS and EOS schools were mixed together. All individual teachers of these schools were relocated in the new tripartite structure, depending on their qualifications. To achieve this, the Education Authority organised specialised retraining programmes in West Berlin, in all subjects. Teachers that had been teaching subjects such as ‘civics’ (*Staatsbürgerkunde*) or Russian, which had been compulsory in the GDR-curriculum, could participate in retraining programs that would qualify them for other subjects, because these ‘system-linked’ subjects either vanished totally or were drastically reduced under the new school laws. These

training programmes were very extensive and turned out to be very labour and cost-intensive for older teachers when related to the relatively short period in which the new qualifications would be utilised.

Another element that affected older teachers more negatively than others was the purging of those who had shown political solidarity with the GDR system. Being a teacher in the GDR meant not just having a function at school, it also meant compulsory visits to parents and drawing up reports on these visits. Other tasks included the political education of the pupils and expressing explicit support to the SED led state, for example by organising and guiding special FDJ afternoons intended to express the great achievements of the GDR (Rust & Rust, 1995). All teachers had been obliged to take part in these state supporting structures, whether they like it or not. For the higher positions in the GDR hierarchy membership of or even active participation in political parties (especially in the Communist Party) was as good as indispensable (Berdahl, 1999). Such membership was pervasive at the level of school directors and other key figures within schools. Rust and Rust (1995) wrote:

The three major leadership groups associated with the individual school [were]: the School Party Organisation of the SED (*Schulparteiorganisation der SED*), the Union (*Gewerkschaft, Unterricht und Erziehung*), and the Parent Assembly (*Elternversammlung*). In almost all schools, a number of teachers, secretaries and janitorial staff were typically members of the SED, and they elected one of their members to serve as local Secretary. That person was one of the most important figures in the school in that he/she acted as the local link to the socialist party, who was responsible for overseeing the progress of the socialist movement in the school (Rust & Rust, 1995, p. 67).

These positions were mainly in the hands of the older generation. In the new circumstances some teachers did not even try to enter the new school system and chose voluntary resignation in the face of threats of dismissal in the wake of the investigation by the Gauck-Commission. This commission, named after its first director Joachim Gauck, was set up in 1990 to find, organise, research and publish the documents of the Department for State Security of the GDR. Even without those who had resigned voluntarily, the Gauck-Commission found that 4.7% of the East Berlin teachers hoping to enter the new school system had had close ties to the aforementioned secret services as 'unofficial members', *inoffizielle Mitarbeiter* (IMs) (Gauck, 1997). Despite these figures, less than 1% of all the applicants were fired because of their political convictions or acts during the GDR. In the end, about 800 of the 16,000 teachers of East Berlin stopped working as a teacher, voluntarily or involuntarily. This was about 5% of the total.

Parallel to the restructuring of the East Berlin teaching staff, a comparatively high number of teachers and school directors from West Berlin came to the newly founded schools. They came as experts and were expected to stimulate the transformation process needed for the unification of the school systems. Besides it was expected that they would help with the general integration of East Berliners, both teachers and pupils, within the new German state.

As a result of the new legislation and its administrative and organisational impact, all East Berlin schools were composed of a completely new staff and several

colleagues from the Western part of the city. Furthermore, all the schools were effectively linked to schools in West Berlin and received new schoolbooks containing material in line with the West Berlin interpretation of modern life. The contacts between East Berlin and West Berlin schools took the form of formal partnerships to provide advice and manage exchange programmes for both teachers and pupils.

In spite of all this, parts of Berlin school law gave the opportunity for individual teachers and teaching-groups to be relatively free in the design of their courses. The 'framework plan' (*Rahmenplan*) gives a fairly vague outline of subjects required to be put in the curriculum. An individual teacher can accent the main points that he or she see as essential, but agreement with the pupils and colleagues at the beginning of the course is required. This means that the school, teachers and pupils should agree on which issues are to be given extra attention (*Schulverfassungsgesetz, Abschnitt III, §26*). During the course a teacher should bear in mind that he or she is allowed to express his or her own opinion, but other opinions also need to be discussed. "Every one-sided influencing/manipulation of the pupils is inadmissible" (*Schulverfassungsgesetz, Abschnitt II, §10 (2)*, translation by the authors).

Interviews with representatives of the pupils show that in spite of these rules most pupils are unaware of this right to discuss and exchange opinions as to what is the relevant context for a course.

The legislation prescribes a range of compulsory subjects in every subject, such as Goethe and Shakespeare, the Second World War, the GDR, the ice age and European integration. The question is how these subjects should be dealt with and this remains in the hands of the individual teacher, in cooperation with his or her colleagues and pupils. This individual composition of a course is encouraged up to and including the final examinations, which are not centrally organized, but a main responsibility of the teacher⁶.

In the first years after the 1989 events this meant that teachers, in particular those teaching subjects like History, German Literature or Geography, had to radically change the content of their lessons.

Suddenly, after the fall of the Wall, you were there with these pupils. Everything you had learned suddenly was bad and suspicious, because it originated from the GDR. We did not dare anymore to ask the pupils to learn things by heart, or to use other appreciated methods (German-teacher at a comprehensive school in Berlin).

This drastic change was accompanied by the introduction of schoolbooks that, until then, had been common in West Berlin, and that presented some completely 'new realities'. Simultaneously, it was no longer permitted to use the old GDR schoolbooks. With respect to the prescribed methodology that teachers had learned in their retraining courses, the unification meant an enormous reform for teachers and pupils.

They said: don't make any 'Frontalunterricht' (one way knowledge transfer lessons) anymore, you have to reform your understanding of teaching. Children have to be able to develop themselves, and this should not be understood as one-way communication from teacher to pupil (Union representative, Berlin).

So, all of a sudden, the whole set of demands and practices that were being asked from or used by an individual teacher were altered.

As said, this integration of the school systems was coupled with an exchange of teaching staff and an influx of school directors from the West. In subjects like English, geography, German and especially history their contribution was seen as essential. Indeed, in many places the presence of the 'West-teachers' or 'West-directors' led, as intended, to profound discussion about the methods and contents of the education programme. Because of this, lots of ideas and opinions from 'West-teachers' found resonance among the ex-East German teachers. Conversely, the comprehensive reform affected so many aspects of teaching practice and took place under such high pressures, that the discussions between teachers from East and West frequently ended in polarisation.

Yes, we also got a colleague from the western part of the city to help us to start up the whole reform, and he stayed. But in the meantime we now see through him, I would say. Some teachers claim there is also a lot of arrogance in what he says. [...] But in the beginning they took over a whole lot of his ideas (School director of a combined Haupt- and Realschule in Berlin).

In many cases this polarisation led, in association with the relatively free legislative design concerning a teacher's interpretation of his or her materials, to a re-evaluation of some of the values and qualities of the GDR school system. Notwithstanding the profound changes that took place, 'horizontal incorporation' was definitely not always seen as a positive environment to set up lessons designed to stimulate pupils to identify more with the democratic values of the 'new Germany'. For some it may even have provoked the opposite and have resulted in a kind of (n)ostalgia and 'counter-identification'.

I think there are mechanisms at work here. I notice it in myself too: If you are constantly criticised and always have to hear again and again how teachers in the GDR didn't teach anything useful, then you can't help beginning to defend things that in your heart of hearts you never really thought were so good anyway. This is a coping mechanism that just starts to work by itself after a while (Teacher at a Gymnasium, quoted in Streitwieser, 2000)

In sum, the close interaction between East Berlin and West Berlin teachers paired with the evident ideological supremacy and moral superiority of the latter, incited a sizeable group of East Berlin teachers to readopt norms, values and opinions derived from the former GDR period. Or at least, they were inclined to defend them publicly again. Possible positive elements contained in the old teaching system were largely ignored and opportunities were missed to capitalise on their merits.

4. TRANSFERRING FROM BADEN-WÜRTTEMBERG TO SAXONY

In Saxony, direct contact or confrontation between the two groups was not nearly as intense as in Berlin, because of the physical distance. After 1989 the need for reform was just as obvious there as in Berlin. To vie with other states in living up to the new interpretations of quality and modernity, specialists from partner-state Baden-Württemberg were flown in to help build up a new educational landscape. Like Baden-Württemberg, the state of Saxony was and again is traditionally governed by

firm Christian Democratic majorities, and in the case of Saxony absolute majorities ever since it became part of the new federal Germany. Thus, drawing lessons and inspiration for the construction of a new school system from this strong and economically successful South Western state of the former FRG was an attractive perspective.

However, the new school system in Saxony certainly did not grow out to become a carbon copy of the Baden-Württemberg original. Rather, it used the established systems of several former FRG states to create a unique structure. The secondary phase of the new educational structure consisted of the *Gymnasiums* on the one hand and the *Mittelschulen* (comprehensive schools) on the other, with this second school type serving practically as a melting pot for all those who do not enter the *Gymnasium*. In Saxony there are no such post-1968 'comprehensive schools' as in Berlin, and also no *Hauptschulen* or *Realschulen* as known elsewhere in Germany.

While *Gymnasiums* were clearly the favourite school form for parents and pupils, as in Berlin, the numbers of pupils studying at this highest level in Saxony was comparatively lower than in Berlin. As a result of a weeding out procedure introduced by the Saxon Department of Culture, *Gymnasiums* are only accessible for pupils graduating after four years of elementary school with high grades, a criterion absent in Berlin.

Another aspect in which Saxony differed dramatically from Berlin, was that at most schools the composition of the teaching staff did not change much after the initial split of the teaching staff over elementary school, *Mittelschule* and *Gymnasium*. At the elementary schools most teaching staff usually remained at the places where they had been in the elementary phase of the POS. There was also no explicit aim to mix, shuffle or transfer the teachers working for *Mittelschulen* and *Gymnasiums*. Another major contrast with Berlin, was that in Saxony far more staff left school in the immediate years after the reunification. The purge under the Christian Democratic government of suspect elements among teachers was the most profound of all new states. All in all, more than 7,000 out of a possible 52,000 teachers (13.5% of the total) were labelled 'politically suspicious' (Schmidt, 1992), and by the end of 1994 more than 9,000 of them (17% of the total) had resigned or had been fired. Finally, in Saxony the vast majority of IMs, unofficial members of the secret service, see above, had been fired, usually without the alternative of early retirement (Fischer & Leschinsky, 1996). Among the staff that remained after this purge, practically all had learned their profession in the GDR. 36,000 of the 40,000 teachers teaching in Saxony today have been teaching in GDR-schools before (Pötzl, 2001).

The massive exodus of teachers could not offset the enormous decline in pupil numbers, which was typical of all the new states. Large groups of emigrants, especially the younger generation (20-40 years) moved to the West and it is exactly this group that is producing school age children. As they took their children along with them to their new workplaces, birth rates in East Germany dropped. Another factor leading to reduced pupil numbers was the already low birth rate in East Germany before reunification, which was even lower than the already low figure for former West Germany (Conrad, Lechner, & Werner, 1996). Due to the uncertain

(social) situation after the Wende (especially for women), this gap in fertility-rates even widened.

In this situation the preservation of one's job could only be guaranteed as long as all the teachers showed mutual solidarity, meaning a reduction in working hours and income, and as long as they refrained from making demands to have their salaries adjusted to Western levels. This mutual solidarity resulted in a situation where the teachers at the elementary schools, as the first ones affected by declining pupil numbers, felt obliged to accept working part-time. Working hours, and income, were reduced from 70% in 1997/98 to 57% in 1999/2000 (GEW Sachsen, 1997). As a result, labour conditions and the income of teachers and other public sector workers were not even close to those common in the FRG states. This was painful, because "tenure had been abolished, which meant that all teachers were at the lower end of the salary scale" (Rust & Rust, 1995, p. 203). Moreover, teachers in the former West are generally treated as civil servants, a protected status with higher incomes than those in the East did not acquire.

The education specialists flown in from Baden-Württemberg and, to a lesser extent, Bavaria to introduce a new education system were predominantly active in the managing positions of central institutions. These were institutions like the 'Saxon Academy for Retraining' (*Sächsische Akademie für Lehrerfortbildung*), the Department of Education and the School Inspectorates. Others came as Western lecturers to the retraining programmes, but the number of Westerners coming as ordinary teachers was quite low. The connections to the partner-schools in the FRG-states were also much less developed than in Berlin. Educational exchange-programmes were restricted to the school-directors and a few teachers sent to Baden-Württemberg, Bavaria or Hessen.

The 'education plan' (*Lehrplan*) in Saxony contains some very strict regulations. The plan reserves little time and opportunity for dimensions of a subject not prescribed in the curriculum. The content of the subjects teachers have to deal with are formulated with great precision. Like in Baden-Württemberg, the subjects are tested in a central examination for all pupils in Saxony, for all levels.

Another peculiarity of the school law in Saxony is the (re)introduction of *Kopfnoten*, marks for conduct, diligence, helpfulness and orderliness. These *Kopfnoten* were an integral part and parcel of all evaluation in the former GDR and were initially abolished in all new states. Their (re)introduction in 1999 was the first in its kind in Germany and it was presented by Saxony's Minister of Education Matthias Röbber as a reform paying tribute to successful traditional patterns of education. Still, he pointed to their acceptance in the FRG states until the seventies and did not present them as a positive re-evaluation of a GDR perspective (Röbber, 1999). Almost all the teachers and parents interviewed about the *Kopfnoten* saw it as a kind of 'return to common sense', and some would have liked an even stricter regime

directly applicable for all classes and in all subjects, because just then can one follow the child's progress, and also because children can get used to a system of assessment through marks (Elementary school teacher in Chemnitz).

Immediately after the fall of the Wall, the Academy for Retraining offered many retraining courses run by lecturers from Western Germany, and many of these courses were compulsory for teachers who wished to teach in the new school system. Eventually, the methods and contents taught in these courses were integrated in the regular classes, but occasionally also methods and contents derived from old GDR training, even in subjects which are potentially 'politically sensitive', were incorporated in lessons taught to pupils. One of the authors found that GDR schoolbooks for subjects like Geography and History were incidentally still in use, as a reference book in case the modern (Western) schoolbooks were not sufficient in the eyes of the teacher. What is surprising for example is the restricted dimension of the profound attention paid to the GDR. The education plan (*Lehrplan*) gives instructions that Gymnasium-pupils in the subject of 'History' until the tenth class, the pupils are at least 15 years by then, should have only 20 hours dedicated directly to the period between 1945 and 1991. In comparison, the subject 'The Roman World' accounted for 24 hours. Another example of the limited interest in GDR history, is that the publisher that formerly printed the schoolbooks in the GDR (*Volk & Wissen Verlag*, Publisher for People and Knowledge) presented a textbook about the history of the GDR only ten years after the reunification (Pötzel, 2001). Interestingly, the history of the pre-1933 Free State of Saxony is given almost constant attention in different periods of German history and serves as a focus for ethno-regional identification.

Methods such as frontal education, used by many teachers to symbolise GDR education, are described as a very useful method to transport knowledge. In spite of their using know-how they accumulated during their own training in the GDR, they were usually not criticised by Western colleagues, making the school reform an experience that occurred in a more peaceful atmosphere. Typical East-German values and qualities did not clash frontally with values brought in by West-German teachers. Reform was something that had to be absorbed by the Saxonians themselves and among themselves and outside forces served as varied sources of inspiration. Readiness to transform their lessons towards the 'instructions' of the Academy of Retraining was present, but these instructions were not always seen as improvements.

After the 'Wende' there was a lot of experimenting and testing of the new methods, but this actually was at the expense of the children. Nowadays we are on the right track again (Director of an elementary school in Chemnitz),

this 'right track' meaning that in the set-up of the school system, there is place for both old and new values. The consequence is that, although in some aspects the education in Saxony remained much more oriented towards GDR values, the transformation took place in a more positive atmosphere. Contents of the lessons are less framed as an East/West dichotomy and more concentrated on a regional identification. The region of Saxony in this sense is placed in context of the whole of Germany and its sixteen states. The identification with East Germany as an 'ethno-region' has been transformed into a identification with the *Heimat* ('Motherland').

5. CONCLUSION: THE IMPORTANCE OF INVOLVING THE REMAINS OF CIVIL SOCIETY

Anthropological and social studies such as those conducted by Hampden-Turner & Trompenaars (1992) and Trompenaars & Hampden-Turner (1999) have drawn attention to remarkable cultural differences between Western and Eastern Germany. Apparently a 40-year period of separation can lead to considerable shifts in value orientation and attitude. Recent history is therefore a crucial factor in explaining the opportunities, pitfalls and complications of processes of institutional transplantation. Jacoby (2000) has made clear that the rule of the Third Reich lasted for less time and therefore had less detrimental effects on the strength of civil society in all of Germany, than several decades of Soviet style indoctrination in East Germany. Passiveness, lack of initiative, deference to authority and risk avoidance are seen by many Westerners as doubtful qualities characteristic of the people socialised in the former GDR. Putnam (1993) lists 'civic sense' displayed by citizens or 'civil society' by communities as a whole as crucial building blocks for an effective democracy, an effective public sector delivering goods to its people and even happiness of the citizens in such an environment. In his classic publication on civic traditions in modern Italy, he gives mainly historical reasons for how civic traditions wax or wane across the years. Smaller republican city states with entrepreneurial burghers made northern Italy thrive in the past and have caused it to thrive in the present, while autocratic and monarchic sovereigns erased all that resembled flourishing citizen initiative self-rule. Extending his theory to the case study at hand, one might be tempted to conclude that civic traditions have been effectively undermined in the former GDR making institutional transplants predicated on active civil society a virtually impossible enterprise; but Putnam's observations could just as well point to the relevance of a lack social capital rooted deeper in Prussian mentality. Therefore, the argument on Soviet repression of civic freedom in GDR might not tell the whole story.

Experience in Berlin and Saxony has indicated that elements of social capital may be contained even in practices based on discredited ideologies which citizens or employees foster as valuable and which they will not readily give up in favour of practices propagated by dominant societal forces. Efforts at total and systematic replacement by better or modern approaches and methods may be counterproductive and evoke strong counter-reactions, whatever good and noble intentions may be behind such attempts at radical overthrow.

In effect, proximity and close contact with the lenders of the institutional model can still be perceived as internal colonialism if power relations are actually asymmetrical. What may be better than simple imposition by a donor might be the hooking in of existing actors and allowing them more freedom in fusing their insights, beliefs and needs with various available and conceivable transplants that meet the functional requirements formulated by both lender and borrower. Strengthening vulnerable civic traditions means nourishing social capital and presenting various foreign cases to provide examples and to allow the involved

parties to work out their needs on a flexible and more voluntary basis. In such circumstances, through simple 'Xeroxing' of the model new organisations without a local basis may come into existence that will eventually become empty shells. Alternatively, organisations may lose confidence in their own capacities or, in the long run, revolt against foreign transplants superfluously promoted as superior. They may even succumb to atavism. Successful institutional transplantation is rather making intelligent patchworks of divergent spheres of influence than making carbon copies of superior structures or best practices, even in a context of obvious power asymmetry.

NOTES

¹ The five states are Mecklenburg-Vorpommern, Brandenburg, Saxony-Anhalt, Thüringen and Saxony. East Berlin was joined with West Berlin. All these states have their own parliaments and legislative powers.

² The system was very much based on the educational system in the Soviet Union. Some pedagogical instruction books were actually translated or transformed after their soviet examples. The similarity between the schools in the different regions of the GDR was so strictly implemented, that almost everywhere in the GDR the teachers followed the *Lehrpläne* very conscientiously. This could even lead to a situation where a student could change schools without missing a single lesson.

³ This selection was carried out under supervision of the FDJ. The *Freie Deutsche Jugend* (Free German Youth) was a 'mass-organisation' that was responsible for practically all issues that had to do with young people. The FDJ had close ties to the East-German Communist Party.

⁴ Comprehensive schools aimed to bring together all pupils of all classes and capabilities under one roof, in the same classes and teach them a general package. These ideals were most promoted in states where Social Democrats and Greens were in office.

⁵ Respondents were sometimes officials from public bodies or school boards, but most of them were teachers of history, geography and German. In addition, a number of pupils and parents gave their views. The interviews were fairly unstructured to allow respondents to express their ideas and took place in Berlin and Chemnitz in the years 1998 and 1999.

⁶ Although the exams and their results, which are essentially written by the individual teachers, are normally assessed by the school-inspectorate and one external teacher from 'the other side' of the city.

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PART III

TRANSPLANTS FROM THE ANGLO-SAXON WORLD

GEORG MENZ

MORE THATCHER THAN THE REAL THING

Policy transfer and economic reforms in New Zealand

1. INTRODUCTION

Indeed the world is ruled by little else [than ideas]. Practical men, who believe themselves quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. (John Maynard Keynes, 1936).

...comment un pays autrefois renommé comme lieu de naissance de l'Etat-providence, première nation à avoir des 1893 accordé le droit de vote aux femmes, mondialement célébré pour ses combats en faveur d'un environnement propre, vert et libre de tout nucléaire, a pu ainsi, presque d'une nuit à l'autre, devenir la vitrine du néolibéralisme. [...how a country formerly renowned as the birthplace of the welfare state, the first nation to award the right to vote to women in 1893, globally celebrated for its fight for a clean, green and nuclear-free environment, could suddenly, almost overnight, become the showroom case of neo-liberalism.] (Jane Kelsey, quoted in Halimi, 1997, my translation).

We offered a complete change in direction – from one in which the state became totally dominant in people's lives and penetrated almost every aspect to a life where the state did do certain things, but without displacing personal responsibility. I think we have altered the balance between the person and the state in a favourable way. (Margaret Thatcher, *The Times*, 5 May, 1983).

Starting in 1984, the small Pacific island nation of New Zealand enacted a comprehensive and thorough program of market liberalisation, deregulation and privatisation. New Zealand can be considered a paradigmatic case of the 'retreat of the state' and governance by market forces. It adopted with breakneck speed a number of macroeconomic policies bearing close resemblance to the structural adjustment programmes commonly advocated by the IMF for developing countries. 'Out-Thatchering Mrs. Thatcher'. New Zealand policy-makers imported a number of macroeconomic policies from the former colonial power Great Britain, which, a mere five years earlier, had enacted a similarly oriented reform programme to address perceived structural weaknesses of the British economy. Just like in Britain, the oil shocks of the 1970s had resulted in sluggish economic growth, increasing unemployment, and a spiralling public deficit and subsequently had given rise to the conviction that Keynesian demand side stimulation no longer produced adequate results. The international press as well as foreign policy-makers and academics were

impressed by 'Model New Zealand' and the 'Kiwi School of Economics'. Within less than four years, the country went from being one of the most regulated countries in the OECD to being one of the most deregulated (The Economist, 1996; Goldschmitt, 1996), radically constraining and redefining the role of a hitherto highly interventionist state.

This chapter traces the intellectual sources of this drastic turn in New Zealand public policy, highlighting firstly the *network channels* through which these policies were transferred from the UK, and less so the US, and secondly the crucial function played by the configuration of the New Zealand political system, that is the *receptors*, which facilitated the speedy and unimpaired implementation of such policies. Thirdly, the concept of *opportunity space* is being introduced to account for the timing of this policy. In doing so, the chapter contributes to the growing literature on policy transfer in influencing policy-making and policy-makers by providing a powerful empirical application.

2. AN OVERVIEW OF NEW ZEALAND'S ECONOMIC REFORM PROGRAM

In 1984, small and remote New Zealand gained worldwide attention by implementing the most comprehensive economic reform program of any OECD country to date. Within only a few years, New Zealand described a paradigmatic movement from paternalistic Keynesianism to New Right monetarism. While other Anglo-Saxon countries such as the US and the UK preceded this international trend and indeed served as models for New Zealand, no other OECD country underwent a policy shift as radical, thorough or quickly. From being one of the most regulated countries in the OECD the pendulum swung to the opposite extreme. Being more radical than the British earned the country the apt label of having 'out-Thatchered Mrs. Thatcher' (The Economist, 1991).

A country rarely in the limelight of international attention, it had previously been known for pre-empting its European cousins with progressive policies such as female suffrage in 1893, construction of a comprehensive welfare system and a progressive environmental and anti-nuclear policy. This time New Zealand overtook Western Europe on the right. Perhaps surprisingly, it was a Labour government, which under the stewardship of Prime Minister Lange and Minister of Treasury Roger Douglas, jump-started a radical program of deregulation, market liberalisation and privatisation of state-owned enterprises. Both the OECD and *The Economist* were most impressed with the rapidly implemented economic reform programme¹, which radically altered the role and scope of government in New Zealand within a few years.

The reform programme included the deregulation of the financial sector, the removal of subsidies to producers, both in the manufacturing and the agricultural sector; the removal of tariffs on imports, the abolition of currency controls, a fundamental tax reform, a comprehensive restructuring of the public sector, a radical cut in the generous system of welfare provisions, a total remodelling of labour relations, and the 'corporatisation' and privatisation of formerly government-owned enterprises.

Tables 1 thru 5² provide a thorough outline of the reform programme enacted in New Zealand between 1984 and 1994.

Table 1: International trade

8 November 1984	Export-oriented subsidies and incentives removed completely or announced to be phased out – affected areas included manufacturing, agriculture, fishing, forestry, and tourism
21 November 1984	Package of measures aimed at the liberalisation of the financial sector
6 March 1985	Limits on foreign ownership of New Zealand financial institutions removed
1985	Deregulation of foreign direct investment; very liberal regime for portfolio investment and repatriation of profits
9 September 1985	Treasury announces schedule to phase out import licensing by 1992 and reduce tariff protection
18 August 1988	Prime Minister signs protocol for free trade agreements with Australia, removing most trade barriers by 1 July 1990
18 April 1989	Manufacturing trade barriers between NZ and Australia to be removed as of July 1989
December 1991	Government announces further streamlining of approval of foreign direct investment

Table 2: Monetary policy

18 July 1984	New Zealand dollar devalued by 20 percent
30 August 1984	Interest rate control removed
21 December 1984	Reserve Bank effectively abolishes restrictions on foreign currency exchange
14 February 1985	Minimum public sector security and reserve asset ratios removed
4 March 1985	New Zealand dollar floated – abandonment of 'crawling peg' and fixed exchange rates
Since 1987	Tight monetary policy (private savings growth below rate of inflation)
15 December 1989	Reserve Bank of NZ Bank Bill passed. 'Bundesbankisation': Bank is now more independent from government, but overall more accountable: government defines objectives, while Bank designs policies. The sole aim for monetary policy is now defined as 'achieving and maintaining stability in the general level of prices'. Target of 0-2.5 % price increase by 1992-93.

As can be ascertained from Tables 1 through 5, the liberalisation programme occurred in two major waves. The first wave of reforms was implemented during the reign of the Labour Party between 1984 and 1990. Reflecting the pivotal role of Minister of Finance Roger Douglas, the label 'Rogernomics' is often applied to these measures. They included industry deregulation, trade reform and capital market reform. Startling to many, the National Party continued the reform program, after it took over power from Labour in 1990, having promised a 'Decent Society' during its electoral campaign. The second wave of reforms entailed macroeconomic stabilisation, corporatisation of state-owned enterprises (SOEs), privatisation of SOEs, a comprehensive labour market reform, and a fundamental restructuring of the welfare state. While Labour could afford to attack the previously relatively privileged farmers by abolishing agricultural subsidies, National retaliated by curbing union rights and cutting welfare spending, thus targeting traditional Labour clientele. Despite the growing unpopularity of the reforms, which had cost Labour

the elections in the first place and lacklustre macroeconomic results, National continued the reform programme, even increasing pace in privatising SOEs.

Table 3: Fiscal policy

8 November 1984	As part of 84-85 budget, government announces first tax reform: Removal of some tax exemptions, fringe benefits tax, lower marginal income tax rate, announcement of the introduction of a general goods and services tax (GST) as of 1 April 1986
20 August 1985	Government announces details of further tax reforms, effective as of 1 October 1986: GST tax is to replace most other indirect taxes, its level is set at 10 percent; a simplified income tax which entails huge cuts at the top end from 66 percent to 48 percent and much smaller cuts at the bottom end from 20 to 15 percent; small adjustments to Social Welfare payments to compensate for the effects of the GST
18 June 1987	Two months before general elections, the Minister of Finance announces \$379 million government surplus and repayment of \$600 million overseas debt. This was calculated on a cash flow basis, thus incorporating the gains from the first wave of privatisation and the revenue from state-owned enterprises (SOEs), now placed under an obligation to make profit
17 December 1987	Government announces increase of GST to 12.5 percent as of 1 October 1988 (later postponed to 1 July 1989), an increase in the company tax rate from 28 to 33 percent as of 1 April 1989, and a flat personal income tax (later withdrawn; instead, income tax at top end reduced to 33 percent as of 1 October 1988).
10 February 1988	Company tax rate reduced to 28 percent, personal income tax brackets reduced to three: 33 percent for income over \$30,875 and 24 percent below, this amounts to another tax cut at the top and a tax increase at the bottom. An exception was made for income below \$9,500, which was now taxed at 15 percent. Both changes are effective as of 1 October 1988.
19 December 1990	Government announces Economic and Social Initiative, marking the beginning of the end of the welfare state in NZ. Government cuts income support entitlements by between 2.9 and 24.7 percent as of 1 April 1991. It tightens the benefit eligibility criteria. It establishes reviews to reduce expenditure in housing, education and health.
June 1994	Fiscal Responsibility Act is passed, safeguarding the reforms and curtailing the room for manoeuvre for future governments. Section 4 mandates that total debt must be reduced to 'prudent levels', operating expenses must not exceed operating revenue on average over a reasonable amount of time, a positive value for government net worth must be maintained, fiscal risks must be managed prudently, and the level and stability of tax rates should be reasonably predictable for future years.

The reform programme bears a striking resemblance with structural adjustment programmes commonly recommended for Third World countries (Lattimore, 1987), leading one analyst to use New Zealand as a critical case to test their feasibility (Schwartz, 1991). Despite excellent preconditions, positive macroeconomic results did not materialise until nearly ten years of near stagnation in terms of real GDP, rapidly increasing unemployment (from 4.6 in September 1984 up to 10.9 percent in 1991 and still at 7.7 in 1998), and rising income inequality and crime rates (Menz, 1999). Macroeconomic growth in the mid-1990s once again came to a standstill in 1997, when short-term portfolio and real estate investment fled New Zealand during the Asian crisis and export to that region was heavily affected. 18 years after

reforms commenced. New Zealand is worse off in terms of macroeconomic growth, unemployment, and income distribution than it was in 1984.

Table 4: Industrial policy

December 1985	Government announces new guidelines for the commercial activities sector, essentially turning it into profit-making corporations, imposing performance objectives on their managers, non-commercial functions (e.g. employment policy) are cast off
20 May 1986	The Electricity Division, State Coal Mines, Post Office and Civil Aviation are removed from their respective departments and turned into entities resembling private sector corporations ('corporatisation'), which are now subject to taxes and dividends and stripped off any special privileges
1986	Commerce Act is passed, stating in its preamble that it is 'an Act to promote competition in markets within New Zealand', including such fields as banking, air travel and taxi cabs
1 April 1987	The State-Owned Enterprises Act goes into effect, providing a legislative framework to these aims. This mandates the newly created state-owned enterprises (SOEs) to operate 'as profitable and efficient as comparable businesses that are not owned by the Crown'. Government corporatises its trading sector, by turning it into SOEs. 24 SOEs are established, among them the Government Property Services, the Airways Corporation, Forestcorp, Landcorp, NZ Post, Post Office Bank, Electricorp, Telecom, Railways Corporation and Coalcorp.
3 March 1988	Government sells 70 percent of shares of Petrocorp to Fletcher Challenge
27 July 1988	Government announces its intention to sell Government Property Services
28 July 1988	As part of the 1988 budget, government announces its intention to sell off \$2000 million worth in assets that year
18 August 1989	Government sells Rural Banking and Finance Corporation to Fletcher Challenge
12 December 1989	Government sells Government Printing Office to Rank Group
3 May 1990	Government sells State Insurance Office to Norwich Insurance
14 June 1990	Government sells Telecom to Ameritech and Bell Atlantic and NZ companies Fay Richwhite and Freightways
15 June 1990	Government sells Tourist Hotel Corporation of NZ to Southern Pacific Hotel Corporation Ltd.
May 1992	Government announces studies for further privatisation programmes
July 1992	Government sells 57.3 percent share in Bank of NZ to National Australia Bank

The reforms were informed by similarly targeted macroeconomic policies of the UK and less so the US in the early 1980s. The first steps of deregulation affected the financial sector, and included the removal of exchange rates and a floating of the New Zealand dollar. The government committed itself to a strictly monetarist anti-inflationary regime by means of sustaining high interest rates and exchange rates, just as Thatcher had during her first term (Riddell, 1983, p. 61). Price stability was enshrined as the overarching goal in the Reserve Bank Act of 1989, leading to what can be described as the 'Bundesbankisation' of the institution. The government drastically reduced subsidies, abolished import licenses, and began to phase out tariffs. It also opened up the economy to foreign direct investment. In fiscal policy, personal income tax for top earners was reduced significantly and a goods and services tax (GST) was introduced, following equivalent measures by the UK Conservatives (Riddell, 1983, p. 62). Government activity and the public sector as a whole were fundamentally restructured. Government departments were re-organised

into so-called state-owned enterprises (SOEs), resembling the structures of the corporate sector. In most cases, these transformed entities were consequently privatised, transferring ownership predominantly to Australian or American companies. This two step process of 'corporatisation' imitated that of the UK (Riddell, 1983, pp. 170-183; Kavanagh, 1990, p. 222), but went much further, including not only telecommunications, transportation services, oil, banking, insurance, postal services and government-owned forests, but extending to government research facilities, hospitals, public housing, and universities.

Table 5: Labour policy

1987	Labour Relations Act: regulates size of unions, abolishes practice of using agreements in second-tier bargaining as yardsticks for next round of wage bargaining, Arbitration Court is abolished and replaced by Mediation Service, Arbitration Commission, and a Labour Court
1 April 1988	State Sector Act extends provisions of Labour Relations Act to the state sector
3 December 1988	In light of high unemployment, government announces job-subsidy scheme, paying employers for hiring long-term unemployed to perform community work
19 December 1990	Government abandons tripartitism. Employment Contracts Bill is introduced as part of the government's Economic and Social Initiative. It becomes effective as of 15 May 1991. It repeals the Labour Relations Act of 1987 and combines the Mediation Service Court into an Employment Tribunal and renames the Labour Court into Employment Court. It liberalises the labour market, by abolishing mandatory union membership and allows employees and employers to choose between collective and individual employment contracts. Since employment contracts can be negotiated with or without the aid of an intervening agent, union power is severely undermined.

As part of the second wave enacted by the National Party, the labour market was liberalised and the welfare state underwent severe cutbacks in scope and size. This translated into a full-blown attack on the structural power of unions with the abolition of collective bargaining imbedded in the 1990 Employment Contracts Act, moving even beyond the UK's 1980 and 1982 Employment Acts, which were geared primarily at curbing industrial action (Riddell, 1983, pp. 186-191).

This 'big bang' reform programme marks a radical departure from the past. New Zealand has a long history of heavy state interventionism and extensive government regulation. Barry Gustafson notes that:

Manufacturers and wage-earners were protected by import controls, and farmers were encouraged to produce and were protected from fluctuations in overseas markets by subsidies, tax incentives, and producer boards [responsible for the co-ordination of marketing of products]. The banking system and value of the currency were tightly controlled. [Gustafson, 1997, my addition in brackets]

In fact, government intervention, traditionally regarded as beneficial and a cautiously modernizing force, included measures more commonly associated with state socialism, such as tight controls on the import and export of currency, high tariffs, import quotas, and a central government agency coordinating export policy (for useful overviews of the reform programme see Easton, 1989; Boston, Martin, Pallot, & Walsh, 1991; Sharp, 1994; Bollard, 1996; Kelsey, 1997).

3. POLICY TRANSFER AND THE ROLE OF IDEAS

Notwithstanding the economic malaise the country faced by 1984, the complete ideological turnaround described by New Zealand economic policy after the electoral victory of the Labour Party is puzzling. To reiterate Kelsey's question presented at the outset: How did a country known for its progressive policies, its welfare state, its anti-nuclear and environmental policies, and with a long history of state interventionism in the economy enact such a quick and thorough turn in the orientation of its macroeconomic policies?

The simplest answer is usually provided by defenders of New Zealand's neo-liberal experiment. They are quick to point out that New Zealand – faced with tremendous economic structural problems and a severe payment and debt crisis – had little choice (Douglas, 1993; Massey, 1995, p. 176). The world market prices for the country's key export goods – wool, meat, and dairy products – comprising 40 percent of total exports as recent as 1981 had deteriorated by over 20 percent from the early 1970s to the end of the decade. Since oil prices had increased dramatically, the country's terms of trade had suffered accordingly. The key export market Britain had dramatically reduced its agricultural imports with its accession to the EC in 1973 (Gould, 1985, p. 43; Schwartz, 1991, p. 235; Dalziel & Lattimore 1991, pp. 30-46). Proponents of the reforms argued that a small country cannot afford to pursue economic isolationism, but must accept to navigate the tides of the global market. One way of facing global competition is by adopting a radical structural reform of the state.

This argument is not entirely convincing. Severe economic difficulties notwithstanding, other possible response strategies were possible, such as the much more gradual and cautious reform program of neighbouring Australia (Easton & Gerritsen, 1995), incorporating unions rather than antagonising them, or perhaps an imitation of the successful neo-corporatist macroeconomic fine-tuning of small West European states. Not only were there alternatives, but the reformers failed to address New Zealand's most vexing structural problem, its dependency on agricultural commodities, which are barred from entering the closed EU and US markets.

A more sophisticated answer to the question why this particular type of reform was pursued can be provided by analysing the intellectual sources and channels of influence. Scholars in comparative politics have emphasized the notion of policy transfer and policy learning (Sabatier, 1988). Policy learning involves the conflict of competing visions of alternative policy proposals, which are then supported by alternative political actors. Since there were no competing political actors in New Zealand's first-past-the-pole political system, Treasury enjoyed a virtual competency monopoly.

Three factors played a crucial role during the economic reforms in New Zealand. Firstly, channels through which ideas could travel, secondly, the structural configuration of the political system, and thirdly, opportunity space for actors. New Zealand in 1984 had several alternatives to pursuing an economic policy that was so at odds with its previous history of paternalistic state interventionism. No significant pressure from international organisations like the IMF was applied, unlike developing countries or Britain in the mid-1970s. The ideas and intellectual

constructs embraced by Douglas and his fellow travellers at Treasury were imported from abroad, I argue. They were translated into policy blueprints by a small set of actors in the Treasury who enjoyed a competency monopoly on economic issues. Taking advantage of New Zealand's 'first-past-the-pole' political system, the opportunity space created by an economic crisis, and these thorough de-legitimation of the paternalistic previous Muldoon government, the ideas were then put into practice.

Before turning to an analysis of these three points, recent theoretical advances in the role of ideas are briefly yet critically discussed which underpin and inform it. In international relations the constructivist school has highlighted the role of ideas in influencing unexpected policy maneuvers. Constructivist scholars emphasize the importance of what states make of their situation and stress the role of ideas in this process, thus questioning the static agent-structure relationship and the preference set of actors presumed by neorealism (Wendt, 1992; Ruggie, 1998). In this process of forming one's perception, it is of obvious importance what types of intellectual frameworks inform the actor and to what extent these parameters can be manipulated as a result of the inflow and acceptance of ideas. There is now a burgeoning body of literature on the influence of ideas on policy-makers. Goldstein & Keohane (1993, pp. 12-17) indicate three forms of such influence: Either by serving as 'road maps', 'focal points' at trajectories at which choice between multiple equilibria exists, or by becoming 'institutionalised'. Once institutionalised, ideas can have a very powerful impact on shaping policies and further development, as has been demonstrated for the spread – and eventual demise – of Keynesianism across Western Europe (Hall, 1989) and neoliberalism in Chile (Valdes, 1995)³. Gramsci (1971, pp. 381-472) underlined the role of ideas in cementing the ideological hegemony of the dominant social classes or nations. Norms can fundamentally change within a nation-state (Finnemore, 1996; Finnemore & Sikkink, 1998), leading to a complete reconfiguration of its national identity (Katzenstein, 1996), observed in the pacifist national identity now associated with Japan and Germany (Berger, 1993). A pervasive empirical case used is the end of the Cold War, since the peaceful ideological re-orientation and eventual disintegration of the Soviet Union under Gorbachev provides the most serious challenges to the neorealist paradigm. This change in the orientation of the Soviet leadership is attributed to the influence of foreign ideas and even transnational peace movements (Risse-Kappen, 1994; Herman, 1996; Checkel, 1997; Evangelista, 1999).

The diffusion of ideas through *network channels* (Checkel, 1997) is emphasized. The results of a 'cognitive evolution' and 'learning' among groups (Adler, 1992), in which some ideas gain the upper hand among actors over others, might thus disseminate worldwide.

Especially interesting is the suggestion that ideas have to find channels of access to policy-makers and are hence adapted to the circumstances and institutional configurations of individual countries. Thus, 'ideas do not float freely' because '... access to the political system as well as the ability to build winning coalitions are determined by the *domestic structure* of the target state, that is, the nature of its political institutions, state-society relations, and the values and norms embedded in

its political culture (Risse-Kappen, 1994, p. 187). Unfortunately, while this author provides a useful analytical framework, his application to an empirical example is not compelling. The intellectual roots of the changes in the Soviet foreign policy in the late 1980s, he argues, can be found in a loosely defined network of academics, politicians and research institutes in Western Europe, drawing on the innovative West German *Ostpolitik*. Aside from being far-fetched, this begs the question why the Gorbachev reforms took place at this particular point in time and not much earlier, seeing that German Social Democrats had developed these ideas in the 1970s. Sikkink's argument on the increasing pertinence of human rights in US-Latin American relations (1993), owing to the pressure of US human rights advocacy groups, suffers from similar shortcomings. She fails to specify why this issue gained currency when it did.

Indeed, with some exceptions (Katzenstein, 1996), the empirical applications of constructivist literature commonly suffer from this problem or are hampered by an exaggerated reliance on one case, the end of the Cold War. A challenge often poorly met is the over-determination of the dependent variable: How can we be sure that the role of ideas is indeed the crucial independent variable? How can we prove the connection between point A and B?

4. IDEATIONAL SOURCES OF THE ECONOMIC REFORM PROGRAM

Where did these ideas originate, since they are so alien to tradition? The two major documents prepared by Treasury officials before the 1984 (*Economic Management*) and 1987 elections (*Government Management*) are informative to study in this context. *Economic Management* was compiled within a mere six weeks and provided the blueprint for the economic policies, which were to be enacted over the course of the following six years⁴. The spirit and letter of these documents betray their heavy indebtedness to the Thatcherite belief in the superiority of market over state, the monetarist Chicago School ideology (Goldfinch & Roper, 1993, p. 58), and the Public Choice writings, all of which came to dominate the New Zealand reform process (Bollard, 1988; Easton, 1988; Boston, 1991). In that sense, they parallel *Monetarism is not enough* published by Thatcher ally Keith Joseph in 1978 and the Downing Street Policy Unit's Conservative Manifesto of 18 May 1983 (Kavanagh, 1990). While there is no room to discuss the normative ideals of Milton Friedman⁵, Friedrich Hayek⁶, and James Buchanan⁷, a fundamental distrust in the state and a reliance on the market for the efficient allocation of resources and the promotion of the greater good can be identified as a common thread.

Referring to the Keynesian policies of the 1970s, the authors of *Economic Management* contest:

The account of recent history illustrates how the Government has responded to the consequences of unbalanced policies by increasing reliance on interventions designed to suppress the symptoms rather than address the underlying causes of our economic malaise. Other policies are an overhang from past policies and have ceased to promote – or have even come to undermine – the objectives they once had ...[such as] unwarranted state monopolies in the communications and energy sectors...the protected position of the public service and wider areas of the state sector such as education and health systems...the protected position of the unions under existing registration

procedures...the under-pricing of state-supplied goods and services. [...] There are many explanations for the continuing patterns of unbalanced policy but at the core has been an unwillingness to accept realistic limits as to what the government can deliver to various interests and what it can protect them from. [...] There is no room to further stimulate domestic activity in an attempt to raise employment and past experience shows this ineffective beyond the very short term. [...] ...monetary control is going to be essential. This requires the removal of interest rate controls and a substantial program of debt sales. (New Zealand Treasury, *Economic Management*, Part 2, Ch 1, p. 5-14).

The 1987 document *Government Management* contains similarly spirited advice:

The more rapidly inflation can be reduced the sooner growth will return. [...] Current levels of public expenditure represent a significant burden on the economy. The cost of financing this expenditure is acting to discourage effort and saving. [...] High debt levels represent a burden on the economy. They also imply a risk of a break in confidence. [...] We also believe that wage regulations in a number of areas affecting the labour market are acting to restrict employment opportunities...We consider that a basis now exists for sustained improvements in New Zealand's overall economic performance. To secure this, though, it seems vital that the disinflation process is maintained; that it be supported by further fiscal consolidation, a further evening out of assistance structures across the economy and an ongoing process of regulatory reform. (New Zealand Treasury *Government Management*, Ch. 4, p.4-7).

5. NETWORK CHANNELS

There are two channels of influence through which *policy transfer* occurred and ideas travelled. First, an important intellectual source of *policy transfer* was Great Britain. The former colonial motherland, which still exercised a considerable amount of influence upon the intellectual climate, culture, and educational system of New Zealand, had launched its neoliberal reform programme a mere five years earlier. A comparison between the two (Boston, 1987) reveals central commonalities. Owing to space constraints only two will be highlighted in addition to parallels in monetary and tax policy and the intellectual indebtedness to monetarism alluded to before. First, the extensive restructuring of the public sector, commencing with 'corporatisation' of government ministries into SOEs and their consequent privatisation (Riddell, 1983), the notion of introducing competition into the public sector and 'managing government' like a private enterprise (Boston, 1991) were concepts used by the Thatcher government in the early 1980s to remodel radically the British public service. Second, Thatcher's key ambition – not unrelated to the privatisation of public enterprises – was to curtail the power of a key veto player, trade unions, remove their grip on collective bargaining, atomise it, and render union membership less attractive by encouraging individuals to negotiate themselves the terms of their work and pay conditions. Though New Zealand unions were nowhere near as powerful, the country followed this path by adopting the Labour Relations Act of 1987, extended to the rapidly shrinking public sector on April 1, 1988 through the State Sector Act. This legislation sought to curtail union power by regulating their size and abolishing the practice of using agreements in second-tier bargaining as yardsticks for the next round of wage bargaining. It was informed by pure ideology, namely the conviction that excessive wage demands by

trade unions constituted the root cause of inflation. Couching the retreat of the state from traditional tripartism into rather euphemistic terms Treasury observed in 1987 that

the last three years have seen some significant changes in the labour market and the role of the Government in this market. The Government has moved away from a centralised approach to industrial relations, and wage-fixing in particular. Instead the people directly involved have been encouraged to assume a greater degree of responsibility for finding solutions for their own specific problems. (New Zealand Treasury, *Government Management*, ch 4, p. 83)

The National Party added insult to injury with the 19 December 1990 Employment Contracts Bill as part of the so-called Economic and Social Initiative. Sharing Labour's monetarist ideology but being additionally not beyond attacking Labour's traditional constituents, National repealed the Labour Relations Act. It further liberalised the labour market by abolishing mandatory union membership and allowing employees and employers to choose between collective and individual employment contracts. Since employment contracts can be negotiated with or without the aid of an intervening agent, union power was severely undermined.

A second, somewhat less important network channel was educational exchange with the United States. A substantial number of Treasury officials had either received their graduate degrees in the US, had been sponsored by the Treasury to do so, were consultants imported from the US (Kelsey, 1997, p. 54), or had spent time at US based international institutions such as the IMF. A number of prominent Treasury officials had spent such stints abroad. Grant Spencer spent time at the IMF between 1981 and 1984. The current governor of the Reserve Bank worked for the World Bank between 1966 and 67. Rod Deane had worked for the World Bank for four years before becoming chief economist and then deputy governor at the Reserve Bank, guiding policy formation (Kelsey, 1997, pp. 47-54). Out of the four Treasury officials who had authored *Economic Management*, two had spent stints at Harvard (Bryce Wilkinson and Rob Cameron) and one had obtained his PhD from Duke University and received additional training at Harvard Business School in 1985 before serving as Secretary to the Treasury between 1986 and 1993 (Graham Scott) (Kelsey, 1997, p. 154). An important domestic source of monetarist ideas was Richard Manning, professor of economics at the University of Canterbury, which many Treasury bureaucrats had attended for their undergraduate education⁸. This IMF training may help account for the striking similarities of New Zealand's neoliberal reform programme to classic IMF structural adjustment programs. Not unlike Chile's 'Chicago Boys' (Valdes, 1995), graduates returning from extensive stints abroad were eager to put monetarist theory into practice.

6. DOMESTIC STRUCTURES SERVING AS RECEPTORS OF POLICY TRANSFER AND IMPLEMENTATION

The particular domestic structures of a host nation merit attention in an analysis of policy transfer in order to examine a polity's susceptibility to the influx of imported ideas. In the case of New Zealand there are indeed two particularities of the domestic system that enabled the swift and rapid enactment of a comprehensive

package of economic reforms based on policy transfer. The *receptors*, that is, the domestic constellation of political institutions and structures relevant for policy-making in the field of economic policy, therefore responded favourably to the actual implementation of these ideas.

Firstly, as part of its colonial heritage, New Zealand was characterised, until the 1993 referendum led to adaptation of German-style mixed member proportional (MMP) representation, by a Westminster-style 'first past the pole' political system, composed of a one-chamber parliament and only two major political parties. In fact, the absence of an Upper House notwithstanding, the country is considered by one analyst to have constituted a more perfect example of the Westminster model than the British motherland (Lijphart, 1984) prior to these reforms. Thus, once Labour had won the elections in 1984 and National in 1990, it commanded a comfortable absolute majority of seats. The opposition party could hardly bear any influence on the course of events. Concerns over this 'untamed power' of an 'elected dictatorship' (Kelsey, 1997, pp. 44-45; Schellenberger, 1998) helped the referendum pass. Yet opponents of the hugely unpopular reforms neglected to consider that German-style coalitions are hard pressed to *reverse* them. In the event, National PM Jim Bolger continued the economic reforms in coalition with erratic New Zealand First until replaced by Labour's Jenny Shipley in 1998 who has since pursued a sort of 'New Labour' course. The Westminster system greatly aided Minister of Finance Roger Douglas' 'blitzkrieg-style' policy-making, 'involving a policy goal radically different from the existing configuration, to be implemented in a short period, following a surprise announcement and a very rapid implementation' (Easton, 1994, p. 215). Douglas and his allies were notorious for keeping both the public and the Cabinet uninformed of their next steps. In fact, he himself later acknowledged and even recommended this strategy:

Once the programme begins to be implemented, don't stop until you have completed it. *The fire of opponents is much less accurate if they have to shoot at a rapidly moving target* (my emphasis, Douglas, 1993, p. 67).

Secondly, the pivotal role of the Treasury needs to be emphasized. Its staff prepared the blueprint documents for the great contours of the reform, generated new policy proposals at lightning speed and generally enjoyed a *competency monopoly* on all questions of economic policy (Goldfinch & Roper, 1993; Boston, 1989). Its competency was neither questioned nor challenged. In fact, it 'became the principal initiator' and formed a 'consistent, cohesive, intellectually convicted group' as Prime Minister Lange later recalled in an interview. In his view, it was able to do so owing to its 'near-monopoly position...with respect to economic policy advice' within the 'unitary, centralized structure' of the political system in New Zealand (Nagel, 1998, p. 242).

7. OPPORTUNITY SPACE FOR IMPLEMENTATION

In crisis situations *opportunity space* presents itself for actors to use the networks and structures of domestic institutions to implement such ideas into policy. This concept can help account for the fact that certain policies are being transferred and

become implemented at certain moments in time and neither before nor after. This is an important addition to the existing literature on the role of ideas. Such *opportunity space* will arise, I suggest, in a situation characterised by a given set of exceptional circumstances or in a crisis, in which a newly arriving leadership confronts a serious economic or political challenge, unusually unfavourable circumstances, poor macroeconomic performance, coupled with an ideological de-legitimation of its predecessor. Such ideological de-legitimation might simply arise of the predecessors' inability to address effectively this crisis, which can then be exploited politically by attributing this failure to the underlying ideological orientation of this government, that is, it ends, not its means.

In 1984, New Zealand found itself in a severe economic crisis, just as Britain did in the late 1970s. The former Muldoon government, its heavy-handed authoritarian state interventionism, and what I have termed paternalistic Keynesianism had been discredited ideologically. A similar ideological de-legitimation had occurred in the UK. Under these circumstances, Douglas and his collaborators at Treasury had a formidable opportunity to imprint the ideas they favoured upon the economic agenda. A surprisingly frank statement made by Prime Minister Lange in an interview illustrates this point vividly:

"When the crisis hit in July 1984 it was Roger Douglas who, above all, had thought through the economic issues – so when the Cabinet needed to fall back on an economic philosophy, it was Douglas who had one" (*National Business Review*, 11 July 1986).

8. CONCLUSION

This study of the 1980s New Zealand economic reform programme adds a compelling empirical case to the literature on policy transfer and ideas in the comparative politics and international relations literature, which unfortunately often lacks thorough empirical underpinning of its theoretical assertions. I propose the application of the concept of an *opportunity space*, which allows actors to implement ideas into policy and thus to transfer policy taking advantage of a set of unusual circumstances favourable to their endeavours. The analysis highlights the importance, which economic 'ideas' developed at US universities and applied by the Conservative government of Margaret Thatcher in Britain have played in New Zealand. Such ideas had to be imported through clearly identifiable *network channels*, namely the role of the UK as a model and New Zealand Treasury officials who had either received graduate training in the US or had served as officials at international institutions such as the IMF. Thatcherite reforms served as a source of inspiration upon which the reform of the public sector and an assault on union power were modeled. Finally, the importance of *receptors* is highlighted, that is the *domestic political structures and institutions*. In the New Zealand case the Westminster-style political system, ensuring an absolute majority for one party, and the strong influence, which Treasury could exert, both facilitated the policy transfer.

NOTES

¹ The Economist deemed New Zealand 'an international model for economic reform' (1993) and was impressed by its 'exhilarating dash for economic freedom' (1985).

² These tables are compiled by the author from several issues of the OECD, *Economic Survey: New Zealand*; Massey, 1995; Dalziel, & Lattimore, 1996; Bollard, 1992.

³ I will note in passing that some of the literature on regimes in international relations points towards a similar direction. Oran Young (1983) argues that patterns of behaviour might become institutionalised, 'infused with normative significance' and thus sustained. Regimes might also define the array of permissible actions within given issue-area by specifying injunctions.

⁴ *Economic Management* was authored by a team of treasury officials known as 'Economics II'. It consisted of Graham Scott, Bryce Wilkinson, Rob Cameron, and Roger Kerr. The study foreshadowed devaluation, abolition of interest and exchange controls, the floating of the dollar, Family Care, the General Tax on Goods and Services, the fringe benefits tax, and the ending of assistance to industry and agriculture (Jesson, 1987, p. 124).

⁵ For a good overview of the Chicago School, see Reder, 1982. Chicago School economist Milton Friedman strongly criticizes government's asserted tendency to curtail the freedom of the individual. He postulates a minimalist role for the state. Only the unregulated market will provide for the most efficient setting of prices, send out the 'right' signals, and thereby foster and encourage the activities of the utility-maximizing individual. Consequently, Friedman rallied against the welfare state and state intervention (Friedman, 1962).

⁶ Friedrich Hayek, epitomizing the Austrian school, portrayed state interventionism into the economy as both dangerous and self-perpetuating. The state is portrayed as an inevitably power-maximizing leviathan, eager to maximize its own power at the expense of the liberties of individual citizens, thereby commencing a journey down a 'road to serfdom' (Hayek, 1944).

⁷ Public Choice, originating at the Universities of Chicago and Virginia, is commonly associated with James Buchanan, but can trace its roots back to Joseph Schumpeter's writings (a critical assessment is Self 1987). It is argued that bureaucracies are self-perpetuating, ever-expanding, and keen on inflating their size and budget. Bureaucrats, far from being benevolent individuals working in the interest of the greater public good, are really just utility maximizing actors. Thus, they attempt to maximize their department's budget, size and scope and disregard the common good. By implication, certain economic activities are better turned over to the much more efficiency-oriented private sector where such malicious tendencies will presumably be kept in check through competition.

⁸ In 1986, Manning, Treasury Official Rob Cameron and Alan Gibbs and David Emanuel went on to found the New Zealand Branch of the Australian New Right think tank 'Centre for Independent Studies' (Jesson, 1987, p. 120). This centre and its publications in turn served as a sustaining intellectual force, after the initial economic results of the reforms promised less than satisfying.

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DAVID PARKER

INERTIA IN THE IMPLEMENTATION OF A PRIVATISATION PROGRAMME

The case of policy transfer in Taiwan

1. INTRODUCTION¹

Today more than 100 countries claim to have privatisation programmes and the year 1999/2000 saw the largest value of global state asset sales so far, breaking the previous annual record figure of US\$160bn.. At the same time, in a number of these countries privatisation seems to have been more talked about than carried out (e.g. Cooke & Minogue, 1990; Adam *et al.*, 1992, p.39; Astbury, 1996; Fundanga & Mwaba, 1997). Of the privatisation proceeds in 1999/2000, Western Europe was responsible for 53%. By contrast, Latin America and Asia accounted for 15% each and the whole of the Middle East and Africa for a mere 2% (*Privatisation International*, October 2000, no.145, p.7).

This study discusses the privatisation programme in Taiwan in the light of the literature on policy transfer detailed in earlier chapters. In particular, this study of Taiwan argues that countries evaluate national policies based on international experience to assess appropriate best practice; and confirms the argument that international policies are usually copied only after adjustment and reorientation. In understanding how Taiwan assimilates policies from overseas, national cultural values and the structure of government are important, as stressed in Chapter 3, as is political power, discussed particularly in the chapters on the experiences in Moscow and London. The chapter begins by quickly reviewing the key issues in policy transfer that are relevant to understanding the Taiwanese experience. The discussion then turns to a detailed review of Taiwan's privatisation programme. The chapter ends with some conclusions relevant to the theory and practice of institutional transplantation.

2. POLICY TRANSFER AND PRIVATISATION

As explained in the earlier chapters in this volume, policy transfer is the process by which a country imports policies and programmes from another country or countries (Bennett, 1992; Dolowitz & Marsh, 1996, 1997). Transfer needs to be seen in terms of a wider economic, social and political 'globalisation', in which both values and policies transfer from the industrial economies of North America and Europe to the rest of the world. In this transfer process, policies are justified in terms of perceived

social and economic need and are supported by fashionable economic theories and 'western' experience. Looking specifically at privatisation, the chief model in the 1980s was the UK's privatisation programme. But in the 1990s countries could look for inspiration to a much larger number of countries pursuing privatisation, including countries in Asia such as Malaysia, Indonesia, Thailand, the Philippines and even (mainland) China. International bodies, in particular the IMF and World Bank, have been enthusiastic apostles of privatisation, providing a privatisation model that draws from theoretical economics (notably agency and public choice theories; Vickers & Yarrow, 1988; Martin & Parker, 1997, ch.1) and empirical evidence (including the UK's privatisation).

Privatisation is usually justified by appeal to one or more of the following benefits: (1) improving economic efficiency; (2) reducing government borrowing; (3) reducing government involvement in enterprise decision making; (4) easing problems of public sector pay; (5) widening share ownership; (6) encouraging employee share ownership; and (7) gaining political advantage (Vickers & Yarrow, 1988, p.157). However, which of these arguments proves decisive can be expected to vary depending on local circumstances. Some of the arguments may not apply at all. One expected result is different forms of policy, possibly extending to different interpretations of the whole meaning of the term privatisation. In other words, policy transfer should not be viewed simply as a posting of policy from one country to another. Instead, it needs to be seen in terms of the acceptability of the policy in each host country and the way in which each country interprets and operationalises the policy. In the case of Taiwan, early interest in privatisation at government level was based particularly on raising additional revenues for government investment, providing additional investment channels for private capital, relieving inflationary pressures, as well as increasing economic efficiency. More recently the policy goals have been amended to emphasise 'adjusting the role of government to less involvement in the market' and 'building competition across all industries' to promote allocative efficiency (CEPD, 2000).

Privatisation involves a multi-stage process from establishing an appropriate administration for privatisation through to completing the sale, in which there is ample scope for one or more interests to disrupt, amend or even reverse the privatisation plans. To minimise the possibility that a privatisation will collapse, the domestic champions of the policy need to create and maintain political support, both within government and outside, perhaps in the face of strong resistance from those interests which expect to be disadvantaged, such as workers, trade unions and politicians who use state enterprises for political patronage. In particular, why should politicians, government officials and state-owned enterprise managers give up the rents they are said to earn from state ownership? In practice, there is likely to be an innate tension within any privatisation programme between the forces of change and those opposed to change, with the latter willing to invest resources up to the value of the rents they receive from state ownership in opposition. Equally, those who may gain rents from privatisation, for example bankers and perhaps some management, can be expected to invest in support of privatisation resources up to the value of their expected rents.² Politicians may voice support for the 'principle' of

privatisation while acting to stall or even reverse the implementation of particular privatisations.

The next section of the paper considers state ownership and privatisation in Taiwan in the light of the policy transfer literature.

3. STATE OWNERSHIP AND PRIVATISATION IN TAIWAN

When the Kuomintang (KMT or Nationalist Party) under Chiang Kai-shek fled from the mainland and arrived in Taiwan in 1949 it found a local economy dislocated by Japanese occupation and the civil war. In the following years the KMT ruled with a heavy hand, enforcing press censorship and dismissing demands for democratic elections. Since 1987, however, martial law has been lifted and the first democratic elections have taken place. Taiwan now has a parliamentary-style democracy headed by an elected president: the first presidential elections took place in 1996. In the March 2000 elections, for the first time the KMT was replaced as the party of government by the Democratic Progressive Party (DPP).

In 1945 the Chinese state took over enterprises owned by the Japanese in Taiwan. This meant that there were already a number of state-owned enterprises (SOEs) when the new government was founded in 1949. In the following years, under the 'Principle of the People's Livelihood', further SOEs were established in a broad range of sectors, including agriculture, fisheries, mining, manufacturing, water, construction, transportation, electric power, petroleum, banking, posts, telecommunications and insurance. These industries were nurtured by protecting their markets from both domestic and foreign competition. Two broad types of state ownership developed. One type involved operation and control directly by government department, major examples are the Directorate General of Posts and the Directorate General of Telecommunications. The other type involved the establishment of state-owned enterprises (companies and corporations) wholly or mainly central or local government owned. By the early 1990s Taiwan had 80 major SOEs, 25 of which were under central and 55 under provincial or local government control (Huang, 1995, p.46). The number of SOEs including smaller enterprises totalled around 150 (Schive, 1995, p.21).

From the 1950s Taiwan succeeded in transforming its economy from agriculture to heavy industry and more recently to lighter, high-technology industries and services. In the forty years from 1954 the country enjoyed an annual GDP growth averaging 8.6%, and state enterprises played a leading role in Taiwan's industrialisation, both directly and in terms of encouraging the growth of the private sector. The economic contribution of the SOEs was especially important before the 1970s; for example state firms accounted for 29.1% of total gross domestic capital formation in 1951 and 35.2% in 1961. By 1996 the figure had declined to 13.3% and by 2000 to 9.8%. A similar trend is evident in the contribution of state industries to industry value added. For example, state enterprises accounted for 46.2% of industrial value added in 1951, 20.5% in 1961 and a smaller 15.6% by 1996. This decline in the relative importance of SOEs in the economy was caused, not by any run-down in state enterprises, but by the rapid rise of the private sector.

A number of the SOEs have succeeded internationally and many have made and continue to make healthy profits. They have also been important contributors to government finances; for example in 1971 their surpluses accounted for 10.5% of government net revenues. This has since fallen, reflecting increased revenues from the private sector. Nevertheless, of government receipts in 2000, the surpluses from state firms still accounted for around 8%. Examples of especially successful state enterprises include the China Steel Corporation (CSC), established in 1971, privatised in 1995 and now amongst the 16 largest steel makers in the world, and the Chinese Petroleum Corporation (CPC). In 1994, before privatisation, CPC had an output equivalent to 5% of the country's GNP, making it Taiwan's biggest enterprise. However, in spite of such successes, the perception has grown in certain parts of the government and sections of the business community that the performance of the SOEs would be improved under private ownership.

Privatisation in Taiwan can be traced back to the early 1950s and a short-term programme driven by budgetary pressures at a time of land reform. Later, in 1964, the government decided to sell additional shares in state enterprises to assist the development of the stock market. However, a sharp fall in stock prices at the end of that year forced the government to repurchase the shares and public interest in further sales subsided (Huang, 1995, p.47). In the 1970s the Government invested heavily in basic industries, such as steel, shipbuilding and petrochemicals. Although the Government intended that private investors should supplement public funding, especially in the steel and shipbuilding sectors, the private sector showed little interest and the state was left to complete the projects (Schive, 1995, p.23).

As a result of continuing state investment, the share of the SOEs in GDP and capital formation remained almost constant during the 1970s; this in spite of the rapid growth of the private sector. But the world oil crisis triggered by the operations of the OPEC cartel had begun to impact on some of the SOEs. As a consequence, the Council for Economic Planning and Development (CEPD) in the Ministry of Economic Affairs, the highest economic consultancy body in the Executive Yuan (the cabinet), was asked to look at the feasibility of merging SOEs. It was also asked to consider the potential for asset sales. But whereas a series of reform measures for state enterprises involving both merger and liquidation occurred in the early to mid-1980s, no privatisations resulted. The reason was a lack of interest in privatisation within government and outside. The brief given to the CEPD emphasised the promotion of mergers within the state sector.

In 1984 a prolonged recession led the Government to set up an 'Economic Reform Committee'. After deliberation the Committee called for a number of changes, including a reduction in the size of the public sector in terms of assets and output. But once again little was done. Indeed, the first really significant step towards privatisation of the SOEs did not occur until July 1989, when the 'Ad Hoc Committee for Promoting Privatisation' was established. The aim of the Committee was to raise interest in privatisation within the government. Included in it were the Sectoral Planning Department of the CEPD, the Commission of National Corporations of the Ministry of Economic Affairs and the Securities and Exchange Commission.⁵ The Committee was given four main responsibilities: (1) to formulate an implementation plan for the privatisation of state enterprises; (2) to revise laws or

draft new laws and regulations necessary to achieve a smooth privatisation; (3) to oversee the privatisation implementation process; and (4) to consider problems and provide solutions during the course of any privatisation.

Table 1: Privatisations in Taiwan, 1989-2001

<i>Enterprise</i>	<i>Time period</i>	<i>No. of tranches in sale & method of sale¹</i>	<i>Original state share holding %</i>	<i>Remaining state share holding by 2001 %</i>
<i>Central Government</i>				
China Steel	1989-95	6	97.6	40.7
CPDC	1991-94	2 direct placement	100	16.2
BES Engineering Co.	1992-94	2 direct placement	99.9	0
Yang-Ming Marine Transport Co.	1992-96	3	99.9	43.5
China Insurance Co.	1993-94	2	99.9	30.7
LP-Gas Supply Administration	1996	1 asset sale	100	0
TMMC:				
Tin plate plant	1996	1 direct placement	2	
Shipbuilding plant	1997	1 asset sale	2	
Alloy Steel plant	1997	1 asset sale	2	
Veterans Gas Manufactory	1998	1 joint venture	100	40.0
Kang-Shan Ropery Factory	1998	1 asset sale	2	
Taiwan Fertiliser Co.	1999	1 IPO	88.6	44.6
Farmers' Bank of China	1999	2 IPO	76.8	45.1
Chiao Tung Bank	1999	1 IPO	75.4	36.0
Bank of Kaohsiung	1999	1 IPO	67.3	48.9
Taipei Bank	1999	1 IPO	70.5	45.2
Taiwan Hsin Sheng Press Co.	2000			
Taiwan Motor Transport Co.	2001	1 employee buy-out	100	0
Chang Hsin Paper Manufact. Co.	2001	1 employee buy out	100	0
<i>Local Government</i>				
Chang Hwa Commercial Bank	1991-98	2	57.7	30.7
First Commercial Bank	1991-98	2	76.1	40.9
Hua-Nan Commercial Bank	1991-98	2	62.5	41.4
Taiwan Navigation Co.	1998	1 IPO	100	39.1
Taiwan Business Bank	1997-98	2	100	41.0
Taiw. Fire&Marine Insurance Co.	1997-98	2 ³	100	30.1
Taiwan Life Insurance Co.	1997-98	2 ³	100	31.9
Taiwan Development Co.	1998	1	100	36.7
Taipei City Government Printing House	2000	1 asset sale		

Source: CEPD.

¹ Method of sale was by share trading except where otherwise stated. IPO = Initial Public Offering. In addition to the sales listed here, the state's share holding in the International Commercial Bank of China was reduced from 38.8% to 21.1% through a share sale in 1992. CPDC = China Petrochemicals Development Co.; TMMC = Taiwan Machinery Manufacturing Corporation.

² In these cases assets were sold and therefore, technically, there was no 'original state share holding'. The assets were 100% state owned before privatisation.

³ IPO in September 1997 followed by a share sale during 1998.

Two months after the setting up of the Committee the existing 'Statute for the Privatisation of State Owned Enterprises' was under review and initially 19, later

raised to 22, SOEs were placed on a priority list for transfer to the private sector. In June 1991 the government completed the revision of the Statute and in February 1992 instituted 'Enforcement Rules', which set out guidelines for the implementation of privatisation. It seemed that progress was being made. By this time, however, a new chairperson had been appointed at the CEPD, Dr. Shirley Kuo. She preferred each ministry responsible for SOEs to be in charge of promoting its own privatisations and the Ad Hoc Committee stopped convening.

Following the suspension of the Committee responsibility for planning privatisations devolved to the individual government agencies responsible for particular industries; although the CEPD remained responsible for setting the objectives of the privatisation programme, formulating a 'master plan', revising statutes and formulating regulations where necessary. In July 1993 the number of SOEs slated for privatisation was raised again from 22 to 33, as part of an 'Economic Revitalisation Programme', aimed at seeing Taiwan over an economic slowdown. A speeding-up of the privatisation and liberalisation of the oil and electricity sectors in Taiwan was included. On several occasions such as this one, the government signalled official backing for privatisation, but the first transfer of majority control of an enterprise to the private sector did not occur until May 1994. By the end of 1996, only seven state-owned firms had been transferred by selling shares, through private direct placements or asset sales. This compares with the earlier plan to sell 22 enterprises by 1996. Amongst the firms sold were China Steel, representing Taiwan's biggest and most successful privatisation to date. Table 1 provides details of the companies sold and Table 2 the amounts raised through privatisation sales each year between 1991 and 2001. Both tables confirm the modest pace of privatisation in terms of the earlier plan, especially pre-1997.

The slow pace of change in Taiwan is evident in the planned reforms for electricity power and telecommunications – both sectors have been subject to privatisations worldwide. It might be expected that the mimetic effect within policy transfer would be at their sharpest in these sectors. The Taiwanese electricity industry, however, is still dominated by the state-run and vertically integrated Taiwan Power Company, despite the fact that plans for reform can be traced back to 1988 with the announcement of measures to promote co-generation. It was only in August 1995 that the first batch of seven private power producers (PPPs) was announced by the Ministry of Economic Affairs. Later that year a further four PPPs were authorised (Hsu, 1996). Plans to privatise the state-owned Taipower continue to be drawn up and then shelved. Turning to telecommunications, in February 1996 a new Telecommunications Act was passed and the government embarked on the first stage of a medium-term privatisation plan. This involved corporatisation of the commercial arm of the Directorate General of Communications (DGT), to create Chung-Hwa Telecom Co.. The CEPD intended that the privatisation of Taiwan's telecommunications should be completed by 2001 (Hsieh, 1996), but in common with the remainder of Taiwan's privatisation programme progress has been frustratingly slow. In 2000 Chung-Hwa Telecom intended to sell 3% of its equity by competitive bidding, 6% through an IPO (initial public share offering) and 12% by an ADR (American depository receipt)⁴. However, the result was a fiasco with only

2.86% of the stock finding buyers and the ADR being postponed in the face of falling telecom stock prices worldwide.

Table 2: Privatisation proceeds: State enterprises and assets, 1989-2001

<i>Year</i>	<i>Proceeds (US\$ million)</i>
1989	285
1990	43
1991	351
1992	1,420
1993	167
1994	1,075
1995	1,533
1996	412
1997	8
1998	4,624
1999	2,182
2000	21
2001	112
Total	12,283

Source: CEPD.

Note: figure for 1991 includes US\$46m raised by the sale of 4.7% of the shares in each of three state banks owned by the Provincial Government (see Table 1).

In addition to the privatisation by central government, Taiwan's Provincial Government (PG) in 1991 had been involved in three minor share sales involving commercial banks, but these did not evolve into full privatisation. The reason for this is that the Provincial Assembly relied on the state banks for soft loans and passed legislation to prevent the state's share holding falling below 51%. In other areas the PG was also reluctant to sell any of its enterprises. It controlled 33 enterprises identified as candidates for privatisation by the CEPD, but immediately designated six as unsuitable for sale and a further seven 'unsuitable for sale at the present time'. Moreover, there was little or no progress in selling the other 20. In July 1997, however, following a constitutional reform, the PG was streamlined and its affiliated SOEs were taken over by the central government. Subsequently, the central government advanced the privatisation of banks, insurance companies, the Taiwan Navigation Company and the Taiwan Development Corporation owned by the PG (Table 1). In December 1998 legislation took effect that transferred all remaining Provincial Government enterprises to the central government and began the phasing out of provincial-level government in Taiwan.

By 1996 only a small number of Taiwan's SOEs had been affected by the privatisation programme. In mid-1996 the privatisation Ad Hoc Committee was reconstituted to revitalise the programme.⁵ The committee completed a review and set a timetable for the sale of 47 SOEs by 2002. In spite of these ambitious plans, however, actual sales continued to be slow. For example, of 15 enterprises slated for sale in the plan between December 1997 and December 1998 only six were actually

sold in that period. Also, to date the sales have mainly involved enterprises that are successful and profitable. Privatising loss-making enterprises is proving far more difficult. If these companies are to be made attractive to private investors they need to be restructured and this faces strong opposition from workers and their unions, and from members of the Legislative Yuan (Parliament) representing constituencies that would be adversely affected. In 1999 the Ad Hoc Committee revised the plan for 1999 to 2002 (see Table 3). Yet by September 2001 only 25 SOEs plus 3 plants had been privatised. There are now plans to privatise a further 22 SOEs by December 2005.

In summary, privatisation in Taiwan has progressed more on paper than in fact. Planned privatisations have been subject to repeated postponement (see Table 3 for details). To understand the reasons it is necessary to address the forces of policy inertia in Taiwan. These are discussed below in terms of political, administrative and economic barriers.

4. BARRIERS TO PRIVATISATION IN TAIWAN

Political

The most obvious political barrier to the development of a vigorous privatisation programme in Taiwan has been the hesitant support of the two ruling political parties, the KMT and DPP. The lack of political will to push through privatisation and neutralise opposing forces within and outside government and the legislature (as Mrs Thatcher and a number of her closest ministers provided in the UK) is an important explanation of policy inertia in Taiwan. In public, leading politicians approve of the principle of privatisation, if sometimes with qualifications, but this does not carry over sufficiently strongly into active encouragement of the plans.

Political impediments to change are evident at a number of the stages of the privatisation process. In particular, drafting and passing the necessary laws to enable privatisation to take place can be a protracted affair. For example, 'The Statute for the Transfer of Government Owned Enterprises' was submitted to the Legislative Yuan in November 1989, promulgated in June 1991 and implemented only in 1992 and 1993 (Schive, 1995, p.26). A revised version was submitted to the Legislative Yuan in mid-1998 and promulgated in late 2000. Such long delays are encouraged by the consultation processes that the CEPD is required to follow, under the privatisation rules established by the government. Also, all proposals to reduce government holdings to less than 50% usually require approval from the Legislative Yuan before implementation. Several privatisation proposals have been blocked by the legislature at the time of the budget review for the share sales.

Table 3 Planned Privatisations: Government Timetable for the sale of SOEs, as at autumn 1997 and as later revised in 1999

<i>Proposed Date of Sale</i>	<i>Company</i>	<i>Assets Position by September 2001</i>
31 Dec 97	Veterans Gas Manufactory, Pharmaceutical Plant	Sold
	Taiwan Fertilizer Company	Postponed & sold later
	Farmers Bank of China	Postponed & sold later
	Taiwan Chung Hsing Paper Corporation	Postponed & sold later
30 June 98	Taiwan Navigation Co.	Sold
	Taiwan Life Insurance Co.	Sold
	Kao-Hsiung Ammonium Sukphate Co.	Sale postponed
	Veterans Food Products Factory	Sale postponed
	Veterans Nan-Tsu Abrasive Factory	Postponed & later closed down
	Kang-Shan Ropery Factory	Sold
31 Dec 88	Taiwan Development & Trust Corporation	Sold
	Agricultural and Industrial Enterprise Co.	Postponed
	Taiwan Film Culture Co.	Postponed & later closed down
	Taiwan Bookstore	Sale postponed – transferred to a govt. dept
	Chiao Tung Bank	Sold
30 Sept 99	Tai-Chung Lumber Processing Factory	Closed down
	Bank of Kaohsiung	Sold
30 Nov 99	Taipei Bank	Sold
31 Dec 99	Taiwan Chung Hsing Paper Corporation	Sold
	Aerospace Industrial Development Corp.	Sale postponed
	Taiwan Film Culture Co.	Closed down
30 June 00	Veterans Pharmaceutical Plant	Sale postponed
	Taipei Iron Works	Closed down
	Tao-Yuan Furniture Factory	Sale postponed
	Taiwan Machinery Corporation	Sale postponed
	Central Reinsurance Corporation	Sale postponed
30 Sept 00	Food Products Factory	Sale postponed
	Veterans Plastic Works	Sale postponed
31 Dec 00	Taipei City Government Printing House	Sold
	Tang Zong Iron Works Co.	Sale postponed
	Taiwan Tobacco and Wine Board	Sale postponed
	Taiwan Hsin Sheng Press Co.	Sold
30 June 01	Taiwan Salt Industrial Corporation	Sale postponed
	China Shipbuilding Corporation	Sale postponed
	Chinese Petroleum Corporation	Sale postponed
	Taiwan Power Co.	Sale postponed
	Chung-Hwa Telcom Co.	Sale postponed
	RSEA Engineering Corporation	Sale postponed
	Taiwan Motor Transport Co.	Sold
30 June 02	Taiwan Railway Administration	
	Taiwan Railway Freight Co.	

Source: CEPD.

In Taiwan state industries are important providers of employment and sources of political patronage and influence. Added to this, the management of SOEs tend to be conservative and have not formed a powerful interest group calling for a change in ownership (one exception is Chinese Petroleum where the threat from market liberalisation led management to favour privatisation). By mid 2001, among the 25

privatised SOEs government still owned major stakes in 18. The average state shareholding had dropped to 36% of the equity, but the appointment of 60% of the board members was still controlled by government (see Table 4 for details). Politicians like to retain some influence in the businesses and this seems not to be strongly opposed and may even be welcomed by management. Some SOE managers are close to retirement and fear for their positions under private ownership. Younger managers, especially those in loss-making enterprises, also fear for their jobs.

Table 4: Major Privatisations: Continued Government Control through State-Controlled Board Members

<i>Privatised SOE</i>	<i>Date of privatisation</i>	<i>Retained state shareholding</i>	<i>Market values of state shareholdings (NT\$ million)</i>	<i>Ratio of state-controlled board members</i>
Taipei Bank	99/11/30	45.21	16,835	18/18
First Bank	98/1/22	36.52	29,153	14/20
Taiwan Business Bank	98/1/22	35.02	11,462	14/20
Chiao Tung Bank	99/9/13	36.03	24,264	12/20
Farmers' Bank of China	99/9/3	45.12	7,148	12/20
Bank of Kaohsiung	99/9/27	48.86	2,324	11/14
Hua-Nan Bank	98/1/22	38.15	30,616	10/20
Chang-Hwa Bank	98/1/1	23.94	11,996	8/20
Yang-Ming Marine Transport	96/2/15	42.62	10,968	7/9
China Insurance Co	94/5/5	30.64	1,506	7/14
Taiwan Navigation	98/6/20	27.12	571	6/9
Taiwan Fertilizer	99/9/1	44.57	6,028	6/10
China Steel	95/4/12	40.32	65,609	6/12
Taiwan Development Co.	99/1/8	36.71	405	5/12
Taiwan life Insurance	98/6/30	25.44	2,214	4/9
Veterans Gas Manufactory	98/1/1	39.82	NA	4/9
Taiwan Fire & Marine Insurance	98/1/22	28.00	822	3/7
CPDC	94/6/20	15.73	1,073	3/12
Total or average		35.55	222,993	60%

Note: CPDC = China Petrochemicals Development Co

Source: CEPD.

Alongside insufficient support for privatisation within government and the boards of the SOEs, there has been scepticism amongst the public regarding both the government's motives for privatisation and its likely benefits. There is particular concern that the state may be trying to off-load dud enterprises onto the public, despite the fact that so far share flotations have involved profitable SOEs. When Government first sold shares in several state enterprises in 1964, investors suffered losses after share prices plummeted. Privatisation has also been tarnished by the Core Pacific Securities scandal, discussed below. In other words, privatisation is not an obvious vote winner.

Administrative

Along with the political impediments to privatisation, a lengthy administrative process in Taiwan forms an effective barrier to speedy privatisation. The responsible agencies submit their proposals for privatisations, which are then reviewed by the CEPD. The Ad Hoc Committee co-ordinates the privatisation schedules and submits its proposals to the Executive for approval. The next stage within government is to agree the company's privatisation plan and determine the offer price. The offer price is determined by an appraisal committee within government. When the committee has settled on a figure, this is sent for confirmation to the Executive and the Ministry of Audit.

On being selected as a possible privatisation candidate, the company is responsible for preparing its own privatisation plan. Some ministries (notably the Ministry of Economic Affairs) have been more active than others in pressing companies to submit their plans. A few government departments, notably the Directorate General of Posts and the Taiwan Railway Administration, have been criticised for not acting quickly enough. Failure to submit effectively postpones privatisation. Even in the case of companies that have submitted plans in a timely fashion, progress is slow because of the process of intra-government consultation. Problems of co-ordination between government departments continue to hamper the privatisation process. Even when a privatisation has been approved by the Executive Yuan, the Legislative Yuan is able to use its authority to block the necessary sale budget.

Further delay is caused by the method of share allocation. A common form of privatisation has been a share sale under which investors buy shares at a set flotation price. This price has to be agreed within government and there can be a long time lag between the setting of the price and the first day's trading in the shares. In the case of BES Engineering, it took 64 days for the papers to pass back and forth between the various government departments (Schive, 1995, p.27). In the meantime, there can be sharp price movements in the stock market. As a result of the problems suffered by past offers for sale, the Government has considered share auctions and book building as alternatives. The latter involves taking soundings amongst institutional investors as to the price they would be prepared to pay to buy blocks of shares and has the advantage of reducing uncertainties surrounding the flotation price. However, political propriety and accusations of 'favouritism' mean that, while government officials could negotiate sales with private investors in pursuit of maximum revenue, they are reluctant to do so.

Taiwan has experienced particular problems with a number of its public offerings. In the case of one issue of China Steel shares the price quickly fell below the underwriting price, while an issue of BES Engineering shares failed to meet its pre-set target value. Shares in Taiwan Machinery offered for sale by tender in March 1994 failed to generate sufficient interest and the sale had to be aborted. The recent flotation of Chung-Hwa Telecom flopped. The reasons for these failures appear to start with the initial valuation of the companies. Government departments have an incentive to negotiate a high price because this suggests an enterprise successfully

managed by the department. In addition, it avoids possible public criticism that the assets are being sold too cheaply.

Following problems with early flotations, the Ministry of Economic Affairs agreed to direct placement as the best vehicle for disposing of shares in the China Petrochemicals Development Corporation (CPDC) and BES Engineering. Direct placement was promoted by Core Pacific Securities, a Taiwanese investment company. This company subsequently acquired large shareholdings in both companies and then diverted a large proportion of the companies' capital into securities investments. After Core acquired its holding in CPDC in 1994, it invested US\$75m. in securities resulting in around US\$14m of capital losses. Core's investment in BES provoked the resignation of the company's chairman after the board decided to raise the maximum threshold for securities investments four-fold, to US\$440m (or 80% of the company's capital). Following this scandal, the Ministry of Economic Affairs instigated measures to prevent large corporations acquiring control of privatised industries.

In sum, the administrative process is lengthy and has been surrounded by controversy. The criteria for selection of candidates for sale by the CEPD is not always clear (Thomas, 1997, p.295). Even when the sale has been agreed between the enterprise, the CEPD, other relevant government departments, the Executive Yuan and the legislature, a politically determined and unrealistic share price can undermine the whole success of the sale. Christopher Hood (1976, p.205) in an extensive study of administration concluded that administration is seldom the critical limit on policy outcomes. This may be true; but in Taiwan the administrative process interrelates with the political and economic forces detailed here to create formidable inertia in policy formulation and more especially implementation. In November 2000 a revised 'Statute for Transforming Government-operated Enterprises into Private Enterprises' was approved by the legislature aimed, once again, at speeding up the privatisation process by reducing bureaucratic impediments. Time will tell whether this new law is any more successful than previous measures.

Economic

There are three particular economic barriers to privatisation in Taiwan. The first concerns economic success. The performance of the economy and the success of a number of the state enterprises have removed the need to reform the state sector. In the UK, SOEs were seen as part of the cause of economic failure, but no such argument arises in the case of Taiwan because the economy has been highly successful. In the past, a need to privatise has been absent; although government officials now argue that budgetary pressures caused by rising social welfare payments and the recent economic slowdown in East Asia necessitate asset sales to generate adequate government revenues.

The second economic barrier concerns Taiwan's capital market. The cautious pace of privatisation sales is influenced by fear that the country's capital market is incapable of absorbing large share issues. One response has been privatisation by sale of shares in tranches. Another possible solution, encouraging foreign

investment, has come up against resistance in Taiwan to the ownership of major industries by foreigners. The government recognises that opening up the country to foreign capital inflows (and outflows) is part and parcel of liberalising an economy, but foreign investment in privatised companies has been restricted by government and stock exchange rules (Hsu, 1996). In mid-October 1997 the foreign investment ceiling was belatedly lifted and now a single foreign investor is allowed to invest in up to 15% of the shares of a listed company on the Taiwan stock market and the total foreign investment in a listed company can now be as high as 30%. Prior to this change, the comparable percentages were 10% and 25%. In the case of the UK around 15% of shares in privatised companies were sold to foreigners and the figure is as high as 67% in the case of New Zealand and 97% for Mexico's privatisations. The comparable figure for Taiwan is less than 5% with the third tranche of shares in China Steel in 1992 the only sale until the late 1990s in which foreigners were actually encouraged to take part. In this case there was a simultaneous issue of ADRs and other depository receipts worldwide alongside a domestic share issue. In 1994 the Legislative Yuan refused to approve a further depository receipt issue for China Steel shares.

The third barrier is labour hostility. Privatisation is strongly opposed by the trade unions in Taiwan, which have grown in power since the late 1980s' democratic reforms. Strikes and demonstrations are common and the threat of social unrest, at a time when political democracy is still in its infancy and its robustness untested, weighs heavily within government. When in June 1995 the Government sold assets of the Taiwan Machine Manufacturing Corporation, the police had to be called in to clear the factory gates. While some in the government would like to see the loss-making state enterprises closed down if they cannot be sold, labour opposition has been influential in ensuring that the government is reluctant to follow this path. After the election of the new DPP government in March 2000, at a time of general economic slow down and rising unemployment, the new Minister of Economic Affairs announced a slowing of privatisations to provide time for an internal review of the programme, including the consequences of closure plans.

To reduce labour's opposition, priority share schemes⁶ and generous compensation terms have been built into the privatisation programme. Shares are usually offered on preferential terms to employees; while all staff are compensated for losses under the labour insurance scheme. Those who choose to leave at the time of privatisation or are laid off within five years after privatisation are entitled to severance compensation equivalent to seven months' pay. The company meets the costs of resettling labour and the labour insurance compensation. These payments can impose a serious financial burden on privatised companies⁷ and are thought to have been a major obstacle to some sales; while it is estimated that around 20% of potential privatisation receipts are utilised for employee compensation. At the same time, most public enterprise employees feel that their employment conditions and job security will be worsened by privatisation. This fear is justified; in 2000 the average monthly salary in public enterprises was over twice as high as in the private sector, while weekly hours of work were much lower. Most proposed privatisations can expect to meet with street demonstrations as well as with parliamentary interference because of lobbying by trade unions.

5. CONCLUSIONS

In addition to selling state enterprises Taiwan is pursuing market liberalisation policies and using contracting out and management contracts for public services, such as garbage collection, waste disposal, traffic administration and hospital administration.⁸ In this sense, Taiwan appears to be directly modelling its policies on the policies pursued in other countries, with Mrs Thatcher's privatisation programme in the UK having proved influential in the 1980s and early 1990s, but with the experiences of other countries, including Asian countries, also proving important since. The UK has exported its model of privatisation internationally through consultancies and international bodies such as the IMF and World Bank and officials in the CEPD have been influenced by its reported success in raising the UK's economic performance. But as Peter Evans has written '.... exogenous inspirations.... build on indigenous institutional foundations...' (Evans, 1995, p.243). Taiwan's case illustrates how policies are transferred imperfectly from one country to another and how they can face considerable policy inertia (Dolowitz & Marsh, 2000). While privatisation has been official policy for over a decade, by September 2001 only 25 SOEs and three plants of another SOE had been transferred to the private sector, yielding total proceeds of US\$12.2bn.⁹ Progress following a change of government in May 2000, has been especially slow with only four SOEs sold by the autumn of 2001, yielding less than US\$2m.. As a recent document from the CEPD comments: the path of privatisation in Taiwan 'has been littered with obstacles, thrown in the way by legislative and administrative institutions, the financial market, labour unions, and vested interests' (CEPD, 2001).

Within Taiwan the CEPD and the Ad Hoc Committee are responsible for planning the sale of SOEs. But the CEPD has lacked consistent support from the rest of the government and the ruling party. In addition, privatisation faces suspicion from SOE management and the general public and outright opposition from workers. Several institutional deterrents to privatisation exist in Taiwan, notably the legislative and administrative institutions, the division between central and provincial governments (relevant before the recent constitutional reforms) and perceived inadequacies (real or imagined) of the domestic capital market. Also, although Taiwan's economic success has created an elite within Taiwan who have derived their wealth predominantly from private capital, and this elite may favour privatisation in principle, continued economic success has meant a lack of political momentum to push through privatisation in the face of opposition.

Privatisation is occurring in a number of countries, but as Taiwan's experience illustrates, institutional transplantation is embedded within each country's peculiar political, administrative and economic conditions. The difficulties facing privatisation in Taiwan seem not dissimilar to problems faced in other countries, such as India, China and many African countries, where powerful institutional forces act as a barrier to change. In other words, a theory of institutional transplantation needs to respect the particular conditions that exist in each country. Culturally Taiwan is a mixture of Western and Eastern influences; for example, it still reflects Confucian values notably respect for social conventions and patrimony. In Taiwan the privatisation programme is based on consensus building, but in a

context where it has proved difficult to negotiate change both within and outside the political and administrative structures.

NOTES

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² Technically, in both cases it will be the *discounted* value of the rents since the rents are earned over time.

³ The Department of National Treasury of the Ministry of Finance joined the Committee in 1998.

⁴ ADRs are American Depository Receipts. These are certificates of ownership issued to investors by a US bank, which holds (on deposit) the investors' stocks and shares.

⁵ Now referred to as The Steering Committee for Promoting Privatisation of State-owned Enterprises.

⁶ Employees were initially entitled to buy priority shares equal in value up to 24 months' pay; this was later increased to 48 months.

⁷ The cost is a particular problem when the privatisation of loss-making enterprises is contemplated. In 2000 a privatisation fund was established within government to help provide state enterprises in poor financial condition with the means to compensate their employees.

⁸ At the time of writing there was also a bill before the Taiwanese legislature designed to encourage private sector investment in infrastructure schemes using build-operate-transfer (BOT) and similar schemes adopted elsewhere.

⁹ In addition, 14 small-scale factories had been closed down.

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THE WESTERN URBAN DEVELOPMENT MODEL MEETS MOSCOW POLITICS

1. INTRODUCTION¹

Throughout the world during the 1990s major cities have been implementing similar projects. The pressures for new financial and commercial development and the concentration of command centres of the global economy have led to new business districts (Sassen, 1991). These can be seen in all major Western cities and prime examples are Canary Wharf in London, Battery Park in New York or the Tokyo Waterfront Sub centre. City governments have encouraged these developments and usually new streamlined agencies have been established with public private partnership as the key approach. City governments have often seen themselves as having to compete to attract inward investment and have taken an entrepreneurial approach in marketing their cities (Harvey, 1989; Ashworth & Voogt, 1990; Kearns & Philo, 1993; Hall & Hubbard, 1998). Image and architectural drama are considered important for attracting attention, e.g. cities compete for the world's highest building or commission the same world-famous architects to promote culturally oriented projects such as the Guggenheim Gallery in Bilbao, the Millennium Dome in London or Darling Harbour in Sydney.

During the mid 1990s Moscow experienced a construction boom, linked to the influx of foreign investment into the city after the collapse of the Soviet Union. This urban development continues, despite the brief disruption of the 1998 financial crisis. According to the city government, in recent years Moscow has contributed about a third of the Federal Budget (Moscow City Government, 2001). Moscow City Government itself has played a very active role by commissioning large-scale projects inspired by the market oriented redevelopment strategies of the West.

This chapter explores the particular form of policy transfer that aims to bring Moscow in line with other Western capitals and is enabled by a distinctive form of political involvement. It will demonstrate that despite the impressive scale and scope of the projects implemented, they did little to generate widespread social and economic benefits, nor did they contribute to developing institutions similar to those of western cities. Rather this project transplantation fed the power and authority of politicians and their entrenched political networks. As a result, these projects created a distinctive form of urban governance where the power and benefits are shared and traded almost exclusively between the local political elite and foreign investors.

This chapter examines the three largest projects that acted as flagships for the new approach. The first is a major shopping development housing the global names

of international retailing and consciously modelled on the Les Halles complex in Paris. The second is a culturally inspired rebuilding of the Cathedral of Christ the Saviour, the largest in Orthodox Christianity, that drew upon ideas of dramatic architectural statements such as the Grands Projets in Paris. The final example is the plan to create a business quarter to attract international office development, drawing inspiration from La Défense and Canary Wharf. This quarter will contain state of the art telecommunications complete with the Russia Tower, designed to be the tallest building in Europe.

At first sight then, it would appear that Moscow has entered the global economy, its urban developments are oriented to global forces and the city has projected a new and eye-catching image. Indeed the project transplants might be viewed as successful in terms of conforming to the general pattern observed in western cities outlined above. However the more detailed analysis presented here shows that this is only a superficial reading. Property development, public-private partnerships and physical regeneration schemes throughout the western world have been widely criticised for their blind faith to neo liberal aspirations and the manipulation of the market rhetoric by politicians to promote authoritarian changes of a rather political nature (see for example Fainstein, 1994). However they were introduced in societies with mature late capitalist social and economic institutions that could absorb and react to the changes taking place.

In Russia, however, urban development is linked to the overall problems of transition that has been characterised as chaotic by many critics. Castells (1998) blames this upon the lack of new organisations and legal frameworks to regulate and control the new economy, one result being the shadow, or as he calls it 'criminal', economy. To that one should add the absence of any pre-existing entrepreneurial and consumer culture. Thus the kind of market that has developed in Russia does not resemble that of western cities and provides a different context for urban decision-making. A key aspect is the legacy of strong government often seen as a necessary vehicle for rescuing this chaotic economy: 'in Russia today, a modern market economy will be born as a creature of strong government' (Gray, 1998, p. 159).

Taking these late capitalist approaches to project development and placing them in the context of the newly emerging Moscow market leaves little space for the system to adapt its institutions. Indeed the cases reveal that these projects would stand no chance of materialising outside the very idiosyncratic administrative system of the city. This system is oriented around the Mayor, Yuri Luzhkov, who has considerable autonomy both from federal government and the city council. He has been particularly involved in the urban development of the city and set himself the goal of transforming 'socialist Moscow into a civilised world capital' by 1997, the date of the city's 850th anniversary celebrations (Korchagina, 1996).

Before turning to the projects it is necessary to say a little more about this political environment in Moscow. The capital's exceptional autonomy in the Soviet times was further strengthened after the local government reform of 1990 (Boyce, 1993). The city possesses its own legislative body, the City Duma elected by Muscovites for a four-year term, which allows it to have its own separate laws. However executive power lies in the hands of the Moscow City Administration, presided over by the Moscow City Government and the Mayor. The Mayor is

directly elected from the people and reserves the right to appoint all members of the Moscow City Government (Moscow City Government, 2001) including the prefects of the 120 municipal districts. He also has power over municipal land, property and the budget. Yuri Luzhkov succeeded Gavriil Popov, the first elected Mayor of Moscow, after the latter resigned in 1992. Luzhkov was re-elected in 1996 and 2000. This structure gives the mayor extreme power and autonomy, a situation that Colton has characterised as 'hyper-mayoral' and can be compared to the structure created by Yeltsin for the constitution of Russia, described as 'hyper-presidential' (Colton, 1995).

As a result of the reforms a large amount of land and property passed into the hands of municipalities who also obtained considerable autonomy in the planning and development process. In most cities the new city leaders were the same people that controlled the old Soviet municipalities. These people had developed the skills in managing others, had good networks, and had access to financial resources. They were not inclined to give up power. Although the new rhetoric might talk about greater participation and democracy this did not happen in practice. Decision-making continued to adopt the former practice of secrecy and there were plenty of opportunities for leaders to develop personal profits. Information circulated in restricted circles and the privileged were free of controls and accountability from both above and below (Golubchikov, 2001).

The rest of the chapter explores in detail three case studies. The first two projects on the surface seem very different – one a retail project with a commercial emphasis and the second a cultural project involving the rebuilding of a lost monument. However we point to many similarities. The final, and probably most important case, larger in geographical coverage and time-scale, involves an entire urban regeneration strategy.

2. TRANSFORMING THE ECONOMY THROUGH COMMERCIAL DEVELOPMENT: THE MANEZH SQUARE DEVELOPMENT

Retail trade has been the most immediate and visible sign of the shift to a market system in the former communist countries. Shvidkovsky (1997) has described how with Perestroika the pavements of Moscow became crowded with people selling from their own hands or small tables. This was followed by a second stage of kiosks and municipal control and then later the refurbishment of buildings, often for luxury goods. The latest stage still under way involves the construction of vast retail complexes mostly as joint ventures between the city and a private investor. 'Manezh Square' was the first and most ambitious example of this stage. The complex, modelled after Les Halles in Paris, resembles the typical western luxury shopping mall but is extra-ordinary as it is located right in front of the Kremlin Walls in the very centre of the city. The design provides for 70,000 sqm of luxury shopping space in a longitudinal 4-floor structure, mostly underground. 'Manezhnaya Ploshchad', a joint stock company founded by the city in 1994, undertook construction and management. It began in May 1995 and finished in October 1997 in time for the city's 850th anniversary celebration. The official cost reached \$350

million. (Bovis International, n.d.). The complex has been one of the most celebrated municipal investment plans, advertised as the pride of the Moscow City Government and a personal success for the Mayor.

Looking at the possible motives that could have driven municipal government to engage in such ambitious investment the first that comes in mind is profitability. This might have been appropriate if the site had been recognised as a profitable investment but with a historical or social significance that prevented the municipality from handing it over to the private sector. However no private investor was allured by the potential profitability of the site, even when the municipality offered shares of 'Manezhnaya Ploshchad' to the market (Mileusnik, 1996). Most significantly, instead of raising profits the project ended up as a financial problem. Besides an almost doubling of the 'official' budget (from \$200 to \$350 million), it also failed by a long way to achieve the targeted leasing price levels (\$3,200 per sqm) partly because of design problems, such as a small entrance and narrow frontages to particular spaces inside. The final market price averaged \$2,000 per sqm. Even then only part of the profits ended up in public hands. Due to time pressure, the municipality had to concede to the requests of speculators, who purchased bulk space at a much lower price (\$1,200 per sq.m.), which they later divided and subleased at the going market price (Treves, 1998). Manezh was certainly not the sole example of an unprofitable economic venture initiated by the public sector in a grandiose political act. Les Halles, itself was unsuccessful financially also partly for reasons linked with building underground. It was however implemented in Paris, a city which has long built its reputation on expensive retail, and in the context of a broader redevelopment strategy for the entire quarter.

Now let us consider another important factor of policy evaluation, that is the economic and social benefits generated for the city. Most of the goods that are traded in Manezh are imports, handled by foreign companies. The percentage of Russian retail firms is very small. Materials and design are completely alien to local industry and skills. Clearly no local supply chains are likely to evolve, nor is a transfer of managerial and technical skills involved. Moreover, the international tenants capture the profits from the sale of luxury products, while the jobs generated for the local population are low-skill and low-paid, such as cleaning, catering and selling. Public investment could have been justified if an important service returned to the community. Nonetheless, despite the site being of such central historical and cultural significance to Muscovites, very few can make use of the services on offer. Most of the luxury goods and services are targeted at tourists and 'New Russians', prices being beyond the reach of mainstream Muscovites. Instead of boosting local entrepreneurial and consumer culture the project rather intensifies the social and economic gap.

Another aspect of policy evaluation draws upon the potential gain in institutional effectiveness linked to the involvement of the private sector in planning and the generation of a multi-layered interaction between different interest groups in the process of decision making, such as encountered in western cities. The development of Les Halles for example was debated from 1963 when the Council of Paris decided to move the pre-existing facilities in Rungis and was not completed in its present form until the early 1980's, having outlived several governments and politicians. At

first sight, the fact that in Moscow the city mobilised the funds, completed the technical studies, constructed and leased the site just three short years after the initial idea was proposed, is alone an impressive achievement. It is estimated that 1500 people were working in three shifts 24 hours a day for more than 2 years to finish construction in time (Babakian, 1996). However, it is worth questioning whether this was the result of new effective management techniques or the skipping of essential planning steps that would have been unthinkable in the context of western urban development.

Starting with the involvement of the private sector it seems that its role has been reduced to sheer consultation and technical assistance. The concept design by British architects Lambert Scott & Innes was implemented by the municipal architectural agency Mosproect-2. Manezhnaya Ploshchad was the main developer while Bovis International was hired to assist in project management. The developer appointed directly the municipal Mosinzhstroï as the main building contractor, while private firms were sub-contracted to small jobs such as lifts and escalators (Bovis International, n.d.). The nature of the process and the agencies involved still resembles the Soviet approach, with different state enterprises sharing responsibilities within a monopolistic governmental structure, rather than a mixed economy.

Obtaining planning permission in Moscow is normally an extremely complicated process. However this did not apply in Manezh since, having been approved by the Mayor, the project passed the different planning stages as a simple formality. The proximity to the Kremlin did not scare building contractors who broke into the ground to remove 480,000 cubic meters of soil, 'without having any particular goal in sight', according to an article in the *Moscow Times* (Babakian, 1996). The extent that municipal actors acted without forward planning is revealed in the words of a retail expert, 'nine months before completion they still had no idea about retail mix' (Treves, 1998). It is also evident, that no technical and environmental studies were considered despite the importance of the location and the nature of the development. Viktor Osipov of the Russian Academy of Sciences described the project as an environmental disaster (Sindelar, 1994) while Professor Tchistiakova, a leading Russian urban ecology expert, notes that the weight the development put on the soil caused the level of underground waters to rise (Tchistiakova, 1998). This not only corroded the foundations of neighbouring buildings, but also had the side effect of polluting the city's water, by allowing underground water to come in contact with the polluted upper ground level. Finally the speed of construction became evident in less than a year when the first flaws were noticeable. Upper floor tenants complained about the roof leaking, while those in the lower floor suffered from underground water coming in from below (Usenko, 1998).

Thus the Manezh Square development cannot be viewed as an example of municipally inspired economic regeneration or as a revenue-generating project. The argument presented here is that it was a political act drawing on the image of the 'market'. However the employment of this term did not result in greater effectiveness and efficiency in operational management or the reconfiguration of interest groups involved in decision-making. In a paradoxical manner western policies were used for their symbolic importance but were excluded from the context

in which they were meant to operate. Planning procedures were bypassed, opposing views were ignored and important laws were violated to promote an unprofitable investment that 'the market' would never have made. The actual purpose the project served was to contribute to the power of political leadership through a widely promoted municipal flagship at the time of the city's anniversary celebration. Hence the market in the example of Manezh, is understood as the mimicry of a set of forms rather than a radical transformation of decision-making processes; power remaining centralised in the hands of a political elite. Let us now examine whether the same conclusion can be reached in a very different kind of project.

3. REINVENTING HISTORY: THE RECONSTRUCTION OF THE CATHEDRAL OF CHRIST THE SAVIOUR

In recent years the municipality has been reconstructing a number of historic buildings demolished by Stalin in the 1930s. Early examples were the Church of the Wonder-working Kazan Icon of the Mother of God on the northeastern corner of Red Square and the Iverskaya gates of the Kremlin (Shvidkovsky, 1997). The most ambitious scheme so far has been the resurrection of Christ the Saviour, just up-river from the Kremlin. It involved the reconstruction of a nineteenth century Cathedral from scratch as an exact replica, although using modern materials. The history of the site is of special interest (Scott, 1994). The original Cathedral, the size of St Paul's in London was conceived under Alexander I as a monument to Russia's victory over Napoleon in 1812 but was not completed until 1893 (Shvidkovsky, 1997). Embodying the most prominent expression of Russian imperial ideology, the Cathedral was too provocative a symbol to resist socialist rule. It was demolished in 1931 by Stalin, who intended to build there the vast Palace of the Soviets topped by a 75m statue of Lenin. The expenses of the Second World War as well as technical difficulties (wet and sandy soil) prevented the ambitious project from materialising. In 1958 under Khrushchev, the circular foundation of the Palace was transformed into a popular huge open-air swimming pool that was operating until 1993 when the Moscow City Government closed it in order to reconstruct the Cathedral. Construction began in late 1994, and was almost finished for the city's 850th anniversary in September 1997. The official cost reached \$340 million. The Cathedral is currently the biggest Orthodox Church in the world.

While Manezh was linked to the new market philosophy, the reconstruction of the Cathedral is clearly a project of social and cultural importance. The criterion of profitability is irrelevant and what can be examined, as a potential motive is the utility gained for the city. This can be compared to the opportunity cost. The utility is a new prime site for religious practice and the retrieval of a 'lost' landmark of central Moscow. The opportunity cost is the time and resources spent by government, that could have been utilised elsewhere, plus the loss of a pre-existing amenity, the swimming pool that used to attract 15,000 bathers a day.

Religion currently plays an important role in the restructuring of Russian society. Nonetheless it seems hard to believe that the reconstruction of the Cathedral is a simple response to this need. Rather than being spent on one lavishly expensive

Cathedral, municipal funds could have helped the Russian Orthodox Church in its program of restoring the hundreds of churches, parishes and monasteries that have been returned to its proprietorship (Chaplin, 1998). The Church is operating elaborate mechanisms to carry out that task from finance to construction, which have already led to the renovation of approximately 300 churches in Moscow. (Chaplin, 1998).

However the Cathedral was never meant to be part of this programme. Initiated as an extraordinary 'joint venture' between the Church and the City, reconstruction was undertaken by a special Committee, headed by Patriarch Alexy II and the Mayor of Moscow (Kiruhin, 1998). This collaboration seems to be more the product of political aspirations than a genuine response to the spontaneous religious feeling of Muscovites. It was the need to establish 'religion as a symbol', rather than 'religion as a living tradition and practice', that was the prime motivation of this project.

Another possible aspect of utility is linked to the urban design of the city and this might be seen to draw upon the current preoccupation in the west with promoting the image of cities. Such commitment and sensitivity towards the city's historic past seems to contradict the attitude shown in the Manezh development. However a more careful consideration suggests that no actual difference occurs. The reconstruction of Christ the Saviour has indeed been successful in terms of urban design by making many elements of the spatial and formal order of the nineteenth century urban setting 'spring to life', such as providing a focus for streets oriented towards it or improving riverside views (Shvidkovsky, 1997). This has been due to its prime location, on a slope at the riverfront next to the Kremlin, rather than the architectural qualities of the building. On the contrary historians of the past and present alike seem to agree on its 'grotesquely large' scale (Cooke, 1995), or lack of pleasing proportions. (It is indicative that compared to other cases there was little expert protest when it was demolished by Stalin). Unlike similar undertakings where reconstruction is based upon a lost monument's 'eternal' qualities that transcend time and space, the Cathedral is important because of its textual and temporal context. An article in the *Moscow Times* commented on the decision of the authorities to rebuild what represented 'the most prominent manifestation of Tsarist Chauvinism', expressed in the three elements of 'Autocracy, Orthodoxy and Nationality', and questioned the motives of reintroducing these elements in current conditions (Popov, 1994).

Examination of the utility of the project suggests that, as in the case of Manezh, political power linked to the well being of the new regime rather than social concerns, lay behind this venture. What has been the opportunity cost of this decision? Given the scale of the project it is not surprising that press criticism focussed on the cost of construction. In a story familiar from Manezh, neither the actual cost, nor the sources of finance are easy to identify. It is estimated to have been close to double the official figure of \$340 million. The special Committee that was set up to raise money claims the Cathedral was constructed entirely from private donations of individuals and institutions (Dinga, 1998) perhaps borrowing from the western tradition of private sponsorship of public projects. Commentators such as Gronskey & Popov (1994) doubt the claim of the Committee and compare the

process to that of the original Cathedral, which was also said to have been constructed on donations, whereas public money was used. They go on to note that the money spent on the reconstruction would have gone a long way in repairing roads, improving the housing stock or building a hospital, hence responding to the real needs of Muscovites. The official answer to such criticism is illustrated by the words of Ptichnikov, the young 'image-maker' of the Fund-raising Committee,

to those asking why has this money has not gone to the children of Chernobyl, I say: try setting up a fund and see how much money you will raise (Barry, 1995).

Whatever the part of private contributions, it is evident that the offerings of individuals were of symbolic rather than actual importance. The bulk of the private finance came from the contributions of firms and institutions and these have been mainly politically driven. The Mayor declared that contributions exceeding one percent of the overall costs would be inscribed on a golden plaque placed in the entrance to the Cathedral (Barry, 1994). Kiriuhin of the Moscow City Government estimates that most of the amount was given by the 20 largest companies operating in Moscow, such as Coca Cola, McDonald's and Société Générale (Kiriuhin, 1998). Kovaltchouk, head of the City Planning Committee identifies as a possible motive the desire of 'New Russians' and foreign firms to 'please the Mayor' (Kovaltchouk, 1998). Dinga, an active and devoted employee of the fund raising Committee gives her own clear explanation:

Our Mayor said to the companies; you make money out of the people of Moscow, so you give something back for them and our city (Dinga, 1998).

Apparently the reconstruction of the Cathedral has been a giant planning gain extracted from major profitable activities operating in the emerging market environment of Moscow and directed to this huge 'project for the people' in a manner that resembles a narrative from the nineteenth century. Activities such as banking or trade offer part of their profits to a grandiose project, whose ultimate purpose is to raise the profile of the Mayor, in exchange for political patronage. There is very little net benefit to Muscovites; in fact they lose the popular amenity of the swimming pool.

The project can be seen as an example of the City Government marketing the city's new profile, perhaps in a similar way to the efforts of many European cities to reinvent their historical past as a strategy to attract tourism and investment. Our analysis indicates that, as in the case of Manezh, public resources were spent on a major project, whose actual utility fed back to the power of the leaders that initiated it, rather than responding to economic and social imperatives. Although the stated purposes in the two projects were as different as an investment plan in luxury retail and the reconstruction of a nineteenth century church, both provide an ideological service to the political regime. The 'market' is at ease with 'religion' in the redevelopment agenda of municipal government since they are both emptied of their initial meaning and context. They are recruited as forms in a new vocabulary of power that remains predominantly political.

4. A FUTURE WORLD CITY? THE 'MOSKVA CITY' PROJECT

'Moskva City' is the most ambitious project of the Moscow City Government. At the groundbreaking ceremony in 1995 the Mayor described it as 'one of the most grandiose projects one could ever witness in the history of Moscow' (quoted in MIBC, 1996). It involves the development of 60 hectares on Krasnopresnenskaya Embankment, a former quarry on a loop of the Moskva River 4 km west of the Kremlin, as a Canary Wharf type international business complex - a 'Moscow International Business Centre' (MIBC). The design concept of Russian architect Boris Tkhov envisages a group of different size and shape glass skyscrapers, gathered around a centrepiece of a 1.625ft tower with a 325ft spire, the 'Russia Tower', which would dwarf the highest building in Europe (Meek, 1997). The program involves the development of 2.5 million sqm of mixed use (60% offices, 25% retail, 15% apartments and recreation). Tkhov's design was approved by the Urban Development Council of the Central Architectural Committee on 6 June 1990 and by the executive Committee of Moscow City Council on 12 March 1991 (MIBC, n.d.). Infrastructure to be provided includes a linkage to the city's underground network, a direct high-speed train link to the airport and special telecommunication and power supply provision. All this is to be completed within 15-20 years (MIBC, n.d.). The investment in the whole project is expected to reach \$10-12 billion. The overall management is to be undertaken by *City*, a publicly traded Joint Stock Company, established in May 1992 by the Moscow City Government. By the end of the 1990s *City* had cleared the site from pre-existing industrial uses, divided the land into 35 parcels and prepared a gradual development schedule over several phases. Only two elements were built, both mostly with city money: a pedestrian bridge over the river containing luxury shops and the first office building, Tower-2000. After the financial crisis of 1998 city government officials had to admit that the future of the project lay in the private sector and announced incentives such as tax breaks and project ownership for investors (Golubchikov, 2001). However this has yet to attract any interest.

Looking at the landscape of shining skyscrapers and the concept of the MIBC, it becomes clear that the form and status of a world-city such as London, Paris or New York is the model for Moscow. In the presentation of the project considerable reference is made to London Docklands and La Défense. Behind the familiar vocabulary of property development, one can identify the desire to develop the former socialist Metropolis as a world city (e.g., Friedmann, 1986; King, 1990; Sassen, 1991), a potential nodal point controlling the flow of international investment between the emerging markets of the former communist countries and the rest of the world. Some of the ambition for the project is conveyed in the Mayor's introduction to the MIBC publicity material,

I am confident that the realization of Moscow International Business Center will serve the establishment of political and economic stability in Russia, will assist its integration into the global economic community, and will allow Moscow to join the rows of major international commercial and financial centers (MIBC, 1996).

The idea fuels the ambition of the municipal actors of the new regime and allows them to underline their affinity to neo-liberal market ideologies.

There is strong resonance between the approach in Moskva City and that adopted by the Thatcher government in the early eighties, and even though *City* has been careful to underline that 'they will not repeat the same mistakes' (City, 1998), evidence so far suggests that this might be hard to achieve. The Thatcher approach has been widely criticised for its reliance on physical development alone to address social and economic issues and on the trickle down effect to spread the wealth generated (e.g. Fainstein, Gordon & Harloe, 1992). Looking at Moskva City it becomes clear that the same formula has been wholeheartedly adopted. The plan focuses on a combination of office space and high quality facilities, such as hotels, expensive shops and restaurants, altogether creating an international corporate environment (MIBC, n.d.). The implementation of this strategy in other cities has so far led to polarisation between high-skill high-paid and low-skill low-paid jobs. Looking at the labour market situation in Moscow it is hard to believe that it will quickly adjust to the standards of the high skilled jobs generated in MIBC and so the jobs will be captured by internationally mobile labour. If this strategy ended up sharpening social and spatial differences in London (Fainstein, Gordon & Harloe, 1992), one can imagine the effect it will have in Moscow. The MIBC, is more likely to develop into a corporate 'island', both as a physical landscape and a socio-economic environment, connected more to the City of London or Manhattan than the rest of the Moscow economy. This impression is reinforced if one considers the direct link to the airport, the new high-tech telecommunication provision operating separately from the poor facilities in the rest of the city, and the pattern of leisure activities provided.

Another attribute of the Thatcher approach to regeneration through property development was the government's top down authoritarian manner, bypassing democratic procedures (Thornley, 1993). Looking at the approach in 'Moskva City', it is equally top down and authoritarian. The area is designated as a special planning zone under the jurisdiction of an extra-ordinary administrative body, in a manner similar to the British Urban Development Corporations. However in Moscow authoritarianism is internal to the whole city government system, which has considerable autonomy. Rather than central government bypassing local authorities, we are dealing with a very powerful Mayor, able to initiate and promote a development of such scale relying solely on his existing formal powers. In this context no local resistance occurred, not because the development was necessarily in agreement with local interests but because the Mayor directly appoints the Prefects of the Moscow districts as arms of his executive bureau and opportunities for participation are lacking. Similarly *City* did not replace any locally based jurisdiction over land as in London, because the Moscow City Government is the sole actor responsible for the management of all land within the city limits including federal property (Tkachenko, 1998).

The following picture emerges. First the municipal government adopts an approach that created problems in the West, even though the same problems are likely to be even more severe in the Moscow conditions. Second, it copies policies that emanated from different circumstances. Urban Development Corporations and Enterprise zones were introduced in Britain to bypass a local government structure and a planning system with statutory responsibilities that would never have allowed

property development to take place in the form that it did. However these 'authoritarian' measures are not required in a structure that is already powerful enough to implement its goals, no matter how ambitious they are. Such observations seem to suggest a borrowing of western or market-oriented initiatives for the sake of their symbolism rather than their practical need.

Let us see if this borrowing of symbols is evident in the plan itself that was approved by the city council in 1991. It contained a number of strong architectural elements focussing on the image of an international high standard corporate environment. However in practice particular plots are to be negotiated individually with the client, meaning that if a private investor wants a completely different type, scale and shape building he/she would be allowed to have it (City, 1998). In this spirit elements such as the Russia Tower already mentioned, and the 'Crystal Palace' that received great emphasis and description in the advertising documents of MIBC in 1998, e.g. 'Illuminated decorative grating, mirror glass, fountains, moving tinted glass escalators', have disappeared from the literature of the project today, while others have appeared, such as the 'Multi-functional performance complex' or the 'Wonderful world of entertainment complex'.

The plan contains very ambitious infrastructure elements. However the implementation of these is open to question. For example the high-speed train link to international airport Sheremetevo-2, which would cover the distance in 25 minutes, was not linked to a municipal financial plan at the time. Instead the official line was that 'the city intended to subcontract the project to a private investor, who would construct the link in exchange for the right to use land along the line for commercial purposes' (City, 1998). Many other aspects of the plan turn out to be statements of hope based on the significant negotiating power of government to enforce its preferences on private investors, rather than the product of integrated and detailed proposals.

For many western writers the reaction to global economic forces in the form of major property developments represents more of a political decision than an economically driven one (see for example Fainstein, 1994). This would seem to apply particularly to the Moskva City development. In this case the economic argument, the lack of office space, plays a decorative role. In reality the government did not analyse the market needs to formulate and carry out its decisions. To back up this point we need say a little more about the framework of real estate development in Moscow at the time. First of all there is no real market for land. On the grounds of preventing the underselling of Moscow property, the municipality retains ownership of all land within the city limits, which can only be leased for up to 49 years (Barnard, 1994). In the absence of a market, rent levels are administratively determined according to a number of criteria, such as location or suitability for a particular use. Lease agreements are binding on the use, the tenant and the development, which means that all land reallocation decisions taken in the city are centrally controlled (Chlenova, 1997). This is already enough to show an extreme monopolistic market structure with one sole landowner for the whole city. It is only half of the story. At the time there was no legislation and planning framework to endorse private property rights and replace the Soviet legislation. The developer does not have the natural 'right' to develop within a certain framework, which needs

to be officially ratified by the planning agency. Rather, development takes the form of a 'favour' granted to the individual by the municipality. There are no straightforward rules determining what one is allowed to do on a particular plot of land. Planning permission is a gradual process, where the applicant has to interpret 'recommendations' which vary depending on the case. Finally he/she is granted the right to develop under a temporary three-year lease agreement. In the course of that period the municipality reserves the right to introduce extra specifications and finally deny the right to a long term lease of the plot if not satisfied with the end result (Chlenova, 1997).

The extent to which economic arguments and market indicators were unimportant in the justification of the Moskva City project is further illustrated by the Mayor's ability to use his personal influence to supplement the structural power mentioned above. In addition to his political power the Mayor is a major player in business. He has involvements in media, finance, telecommunication, food processing, oils and retailing and his overall holdings have been valued at \$25 billion (Piggott & Krushelnycky, 1998). The municipality also has shares in more than a hundred construction companies. The emerging picture presents a dangerous overlap between the Mayor's personal interests and well being as a powerful player in business and his duties and role as the leader of a wide metropolitan administration. In this particular form of urban governance the separation of the public and the private, the fundamental principle any western policy takes for granted, does not hold. That explains why the municipality was engaged in such a long scale and risky endeavour in a fluid economic environment, which is most likely to sharpen Moscow's social and economic disparities and which is so vaguely based on actual market facts. Rather than an urban regeneration scheme the MIBC can be understood more as a giant lease agreement between a single landowner and foreign investors eager to obtain a base in Moscow and accessing the huge emerging markets of Russia and the former communist countries. The agreement is negotiated on a 'take it or leave it' basis, since the municipality has total authority and is divorced from community pressure.

Comparisons with world cities such as London and Paris have been used as the vision behind the concept of MIBC. After replicating a Western-type shopping centre and a monument from the past, the municipality then adopts an entire western urban regeneration strategy, from the physical lay out to particular methods and details. However these are copied as plain mannerisms because the contextual forces that led to these strategies in the West are different in the Moscow case. Still the limitations of such an approach to the city's social and economic problems remain. This confirms the observations made in the other two case studies. The argument that the concept of the 'market' as an import from the West is being used as a tool in a dominantly political process is strongly reinforced. The municipality envisages opening up the city economy to global economic forces, but is doing so in a highly controlled manner dominated by one individual, the Mayor.

5. CONCLUSIONS

Market related urban development policies of the West have clearly been employed as a concept to justify and guide development in Moscow during the 1990s. In the words of the Mayor, the aim has been to transform the socialist city and link it into the global economic community. However it is clear from the examination of the implemented projects that the transfer of policy did little to transform the social and economic environment of the city towards the western model. Despite the extensive usage of various techniques and strategies of the West, from finance and planning to project management and construction, the pre-existing institutional framework and political organisation absorbed the new elements (Cooley, 2000). Moreover the projects consumed a large amount of public resources, without generating benefits other than feeding back to the power of the leaders that initiated them and the interests of foreign investors.

The three case studies investigated in this chapter have varied in scale and purpose. The Manezh Square luxury retail complex was presented as an expression of catching up with western consumerism. Western designers and project managers have been involved, while international companies occupy much of the retail space. Still the development was dominated by the municipal design, construction and management agencies in an overall hierarchical rather than horizontal organisational structure that was hardly constrained by environmental or economic concerns. The reconstruction of the Cathedral of Christ the Saviour sought to shape a new city profile, inspired by European style historical preservation policies and use of dramatic architecture to change the image of a city. As in the case of Manezh, it presents evidence that the city can mobilise resources and build major projects in a short space of time. However most of the investment was linked to increasing the Mayor's influence and popularity and had little to do with providing a service or contributing to the city's historical heritage. Moscow International Business Centre is described in neo-liberal terms as a vehicle for promoting Moscow as a world city by opening up development to a wider market. Foreign companies have been clearly targeted as potential tenants for the MIBC. However our analysis demonstrates strong control over land ownership and development in the context of an ill-defined real estate market and the lack of an appropriate regulatory framework in the city.

So why was there such a mismatch between the western development models and their application in Moscow? The western models were developed in the context of a particular set of market-state relationships. These did not exist in Moscow. Castells (1998) argues that the lack of suitable organisations and laws to control a market economy has left a vacuum in Russia. As far as the control of urban development in Moscow is concerned, this vacuum was filled by the Mayor. His immense executive powers, partly inherited from the Soviet past, received a new meaning when market rhetoric and foreign investment dominated the new discourse. He has been in control of the change and has used this involvement to bolster his prestige and power-base. He has also selectively used the projects to develop the municipal companies in which he has an interest.

These observations shed light on the debate about the potential reformatory power of the market in the context of present global economic circumstances.

Economic globalisation does not operate in a homogenous way but is distorted by local political forces. Projects such as Manezh or MIBC, stand out as disconnected fragments in the social, cultural and economic reality of the city, presenting striking evidence that the 'market' alone cannot be the instigator for major change. The analysis of the case studies verifies the argument that it is necessary to explore the institutional and organisation ensemble in which the market is embedded. As Underhill notes, states and markets should be viewed as part of the same dynamic of governance (Underhill, 2001). Despite Moscow's radical new 'look' and the enthusiastic adoption of neo-liberal western policies, politics still dominates. The Mayor and his municipal agencies provide the basic foundation of power, while the market is used mainly as a rhetorical superstructure and only operates in a limited manner. Moscow has to be considered on its own special terms. As Shvidkovsky puts it 'the Soviet way of life is being ever more thoroughly expunged from the city, yet it is not being replaced by something that is fully western' (1997, p.12).

NOTE

¹ The material for this article was largely derived from fieldwork in Moscow in March and April of 1998. Obtaining information about what is happening in the New Russia is a difficult process and this work could not have been attempted without the help of many people. The French Embassy and in particular Madame Colin de Verdere provided invaluable advice on how to undertake the research and who to interview. We would like to thank all the people we approached, in particular Andrei Tarkovski from the Russian Institute of Economics, Svetlana Dinga from the Committee for the Resurrection of Christ the Saviour, Mark Treves and Marina Usenko from Jones Lang Wootton and Serguei Kovaltchouk from the Moscow City Council. We are grateful to the Urban Institute of USAID for access to their library and to Natasha Kudriavtcheva for her bilingual help. Above all we would like to thank Dmitry Svidkovsky of the Moscow Architectural Institute for his inspirational guidance in both the spatial and academic sense. An earlier account of this research appeared in: Pagonis, T., & Thornley, A. (2000). Urban development projects in Moscow: Market/state relations in the New Russia. *European Planning Studies*, 8 (6), 751-766.

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HUGO VERHEUL

HIGHER EDUCATION REFORM IN INDONESIA

Integrating New Public Management and national values

1. INTRODUCTION

The New Public Management school of thought is an influential model for public sector reform in many countries. Not only countries in the Anglo-Saxon world and continental Europe, but also developing countries in Asia and Africa have followed the NPM principles in the reorganization of their civil services. In developing countries, international aid organizations such as the World Bank and the IMF are believed to be a major driving force for the implementation of NPM-types of public sector restructuring. These organizations see it as a way to rationalize government spending and to increase the effectiveness of specific aid programmes. The question is whether the NPM approach is also applicable in these countries. Its emphasis on market-based models of public service delivery and private sector management techniques may be difficult to transfer to countries with a different institutional orientation.

An example of the introduction of NPM reforms in developing countries is the current reform of the Indonesian higher education system. In its principles and proposed measures the reform program is very much in line with the New Public Management agenda. Public universities in Indonesia will receive greater autonomy from the central government, universities will have to compete for research funding, and government budgets for universities will be determined on the basis of output indicators. These measures represent a major deviation from the existing institutional structure of the Indonesian higher education system. At the moment the relationship between the universities and the national government is essentially hierarchical. This hierarchical relationship fits within the existing Indonesian political culture, which is characterized by a strong state intervention in society and a deeply rooted deference to authority.

The higher education reform programme in Indonesia can therefore be seen as a case of institutional transplantation. A reform model of Western origin is introduced into an institutional setting with rather different characteristics. In this chapter I will analyze this transplantation process.¹ The focus will be on the *process* of formulation and implementation of the reform program. The analysis will show that during this process a mutual adaptation of the reform program and its institutional context takes place. Also, we will see that change agents from within the Indonesian public sector and academia link up with the World Bank in order to further the

reform process. These change agents play an active role in looking for examples of successful higher education reforms in other countries, and in promoting the implementation of the reform measures in other universities. Based on these observations I conclude that in this case there are multiple sources of institutional change, and that the receiving institutional context is multiform in character.

The structure of the chapter is as follows. I will start with a short review of literature on the introduction of NPM-inspired reforms in developing countries in section 2. This review shows that the appropriateness of NPM in developing countries is a major issue, but little attention is paid to the actual adaptation processes. After that, the existing higher education sector in Indonesia will be described in section 3, as well as its relationship to the general political culture in Indonesia. Section 4 will describe the higher education reform program. The program's NPM characteristics and the differences between the program's presuppositions and the actual institutional characteristics of the higher education sector are highlighted. Furthermore, the implementation process will be analysed. Special attention is paid to the impact of the reform program on the Institut Teknologi Bandung, Indonesia's leading technological university. I will describe the way the reform program is embedded in multiple sources of change, the way autochthonous values are integrated with the NPM-type of reform, and the intermediary role that the academic community plays in the implementation and translation of the program into actual reform measures. Section 5 contains the main conclusions and reflects on the implications of this case study for the introduction of New Public Management reforms in developing countries.

2. INTRODUCING NPM IN DEVELOPING COUNTRIES: ISSUES AND DEBATES IN LITERATURE

The New Public Management is a doctrine in public sector management, which has become dominant in the early 1990s (Osborne & Gaebler, 1992; Hood, 1995). The main features of the New Public Management doctrine are:²

- *Managerialism*. Compared to other organizational models for the public sector, the New Public Management stresses the need for hands-on management of organizations and organizational units. Organizational leaders are seen as managers whose managerial skills are considered more important than their political leadership.
- *Output orientation*. The performance of organizations and organizational units is evaluated in terms of clear, measurable output indicators. In many cases these indicators are used as a management instrument, for instance by co-determining future budgets from scores on output indicators.
- *Decentralization*. New Public Management protagonists advocate a separation of service-providing organizational units from the policy-making centre, including devolution of management responsibilities to these service-providing units. This should make the public sector organizations more responsive to clients' needs.³

- *Competition.* Competition is introduced within and between service-providing organizations. For instance, different organizations -often public as well as private- can compete to obtain a contract for the provision of a certain service.

It is clear that these New Public Management features are strongly interrelated. They all articulate the idea that the public sector, in order to become more efficient and effective, ought to be managed using structures and techniques derived from the private sector. Indeed, one of the founding publications of the NPM movement bears the subtitle 'How the entrepreneurial spirit is transforming the public sector' (Osborne & Gaebler, 1992). In a critical article Mintzberg also recognizes the *communis opinio* among experts that 'government must become more like business' (Mintzberg, 1996, p. 77). Lynn quotes a New Zealand government official who states that the public sector reforms in his country were about 'thinking about the public sector in private sector terms' (Lynn, 1998, p. 115).

The influence of the New Public Management in public sector reforms is widespread. Literature describes NPM-style reforms in countries all over the world. Examples are Germany (Derlien, 2000), African countries such as Uganda and Tanzania (Clarke & Wood, 2001), and Mongolia (Laking, 2000). Borins (1998) even identifies NPM reforms taking place in all 53 Commonwealth nations. He concludes that driving forces behind these reforms are different for different groups of countries. In his view, the OECD members among the Commonwealth countries (Australia, Canada, New Zealand and the United Kingdom) have been forced into public sector reforms due to the financial crises and lack of support for tax increases during the 1980s. Newly developed Asian countries Malaysia and Singapore, by contrast, have achieved considerable economic growth in the 1980s and 1990s. They are by no means confronted by pressing financial reasons for public sector reform. In these countries, according to Borins, the demands and attitudes of the societies themselves are the main driving forces for NPM-type of reform measures. In developing countries such as India, Bangladesh or Zimbabwe, Borins sees pressure from the IMF and the World Bank as one of the main reasons for public sector reform according to NPM principles. Other authors share this conclusion (Cassing, 2000; Minogue, 2001).

The appropriateness of NPM for public sector reforms in developing countries has received considerable attention in recent literature. Some authors question the effectiveness of NPM reforms in generating more cost effectiveness and better service to clients citizens. Beeson (2000) argues that the economic success of East-Asian countries was in fact caused by a strong government involvement in the economic structures, which is in stark contrast with the privatisation doctrine of the New Public Management. Regarding OECD countries, Hood (1995) makes a similar point. He states that the OECD countries with the strongest economies are not those that laid much emphasis on the introduction of NPM reforms. Minogue (2001) shows that the effects of the United Kingdom civil service reforms, which have been a major source of inspiration for the NPM movement, on cutting government expenditures, improving efficiency and achieving greater quality of services has

been limited. Minogue therefore questions whether civil service reforms in developing countries should be based on this model.

Contrasting these critical accounts, the official publications from the World Bank and other aid organizations are overtly optimistic about the appropriateness of NPM reforms in developing countries. Minogue argues that a critical attitude of these organizations would harm their own legitimacy (Minogue, 2001). For the World Bank and others it is crucial to show that international aid is indeed cost effective, and that public sector reforms that can reduce government expenditures in the receiving countries contribute greatly to this. However, internal World Bank publications have a more balanced view about the organization's achievements in generating public sector reform. Nunberg (1999) argues that some of the World Bank projects have not been very effective due to their focus on introducing managerial instruments, whereas the actual problems of dysfunctional civil services often are more deeply rooted in the countries' political economy. Her solution does confirm the World Bank's focus on civil service reform: instead of individual short-term projects, Manning argues, the World Bank should move towards long-term, more comprehensive reform programmes.

Nunberg also argues for reform programmes, which are 'tailored to regional and country circumstances' (Nunberg, 1999). Other authors also take on such a contingency approach, arguing that NPM-type of reform programs are essentially desirable, but that the content of the measures and the implementation measures must be geared to the specific institutional setting. Borins, for example, welcomes the fact that developing countries are 'developing indigenous solutions, such as the use of non-governmental organizations in implementing education, family planning, and rural development programs' (Borins, 1998, pp. 54-55). Hood (1995) also observes considerable variations in the depth and character of public service reforms labelled as NPM throughout OECD countries. This contingency approach is further pursued by McCourt, who distinguishes four broad public sector models, thus providing alternatives to the pervasive New Public Management doctrine (McCourt, 2001).

Other authors deal with the issue of introducing NPM measures to developing countries by formulating conditions that should be met in a country's public sector before policy reforms are taking place. In discussing decentralisation of public sector financing in Mongolia, Laking suggests that such a measure should only be introduced in public sectors which already have a formalized accounting structure and procedures, and that these should also be institutionalised in the actual values and practices within the public sector (Laking, 2000). In his analysis of NPM reforms in the Commonwealth, Borins also comes to the conclusion that the developing countries do not always have the prerequisites for introducing NPM reforms (Borins, 1998). These prerequisites include the equitable administration of the law for all citizens, and customers having some experience with a well-functioning private sector, which may have an effect on their demands for adequate service levels from the civil service. In addition, the contracting-out or privatisation of public services presupposes the existence of a private sector, which is capable of taking over such services.

The above shows that literature has developed several perspectives on how to deal with the differences between the NPM doctrine and the existing institutional structure in developing countries. It is generally acknowledged that the actual reform program needs to be adapted to a country's specific institutional characteristics. However, literature does not provide many leads as to how this adaptation process should take place. Can the country's institutional idiosyncrasies be taken into account beforehand? Or should the program be made flexible so that it can be adapted during the course of the implementation process? This remains unclear. It seems interesting therefore to analyse the Indonesian higher education reform in terms of these adaptation processes.

3. INSTITUTIONS IN THE INDONESIAN HIGHER EDUCATION SYSTEM BEFORE THE REFORM⁴

The Indonesian higher education system is characterized by a great diversity. It comprises universities, academies, Schools of Higher Learning, polytechnics, and other institutions. One important distinction is between public and private institutions. In total there are approximately 1700 institutions for higher education, 10 per cent of which is public. The Ministry of Higher Education sponsors Two thirds of the public sector institutions. Other public academic institutions are sponsored and regulated by the Ministry of Religious Affairs and regional governments. The private sector consists of about 1700 institutions with different levels of government accreditation. Tuition fees are the main source of income for private universities; they typically do not perform scientific research. The Indonesian government has encouraged the establishment of private universities in the past, in order to accommodate the increasing demand for higher education. The private sector enrolls twice as many students for degree programs as the public sector (1.2 million against 600,000). Private universities are also subjected to government regulation. Their study programs are co-determined by the Ministry of Education and are accredited by the national accreditation board (BAN). Furthermore, the Ministry of Education has established special provincial offices for the guidance and coordination of private higher education institutions at a regional level.

Both public and private universities show great differences in quality of education. In general, the main task of private universities is to create sufficient capacity for the increasing number of students in higher education, while the public universities are supposed to primarily deliver high quality in education. For example, an examination system is used as a selection mechanism for access to public universities, but not for private universities. Government permission to give masters and doctoral degree programs has only been granted to a limited number of public and private universities. Among these are the four recognized elite public universities: University of Indonesia in Jakarta, Bogor Agricultural University, Gajah Madah University in Yogyakarta and the Institut Teknologi Bandung. These four universities also have a relatively strong research orientation.

Another characteristic of the Indonesian higher education institutions worth noticing is that they are given an important role in Indonesia's national development.

This is reflected in the *tridharma* concept, which is a leading concept defining three tasks for universities: research, education, and community service. Universities are supposed to adapt their activities to the country's specific cultural, social, and economic needs and to play an active role in relieving those needs. This societal task of universities is even laid down in Indonesia's National Constitution.

Indonesia has in recent years embarked on a comprehensive reform of its higher education system. In the old system that is now being replaced, the relationship between government and the universities was hierarchical. Public universities were no separate legal entities in the old situation. They resided under the Ministry of Education, the Ministry of Religious Affairs, and other government bodies. Teaching staff was civil servants; appointments and promotions were regulated by a central system for government officials. This included the university rectors, who were appointed by the government. The Ministry of Education also made decisions on curriculum design and the establishment of new study programs.

Regarding financial planning, the universities were dependent on the central government as well. The Ministry of Finance and the central planning agency (BAPPENAS) decided upon the recurring budgets for the public universities, and the Directorate-General of Higher Education (DGHE) of the Ministry of Education were responsible for their investment budgets. The funding process was centralized and input-driven. Recurring budgets were based on teaching staff and administrative staff numbers, and investment budgets were based on itemized proposals from the universities. External income of public universities, for example from research projects financed by industry, formally had to be transferred to the Ministry of Finance as government income. In practice, however, external income was not always reported to the central government, a situation that was tolerated by government officials. An even more widespread practice in Indonesian academia is that individual staff members obtain additional private incomes from activities outside their actual research and teaching. Many staff members at public universities also teach at private universities, or have additional jobs in industry or as a consultant. This happens in other countries as well, but in Indonesia it leads to structural absence of university staff members. Generating extra income is considered to be an economic necessity: the university salaries are considered too low to maintain a reasonable standard of living.

This combination of hierarchical relationships and rent-seeking individuals is in line with the general institutional structure of the Indonesian public sector, which has been shaped during the Suharto regime (1965-1998). Cassing (2000) describes how Suharto mistrusted political competition, at least partly for fear of a recurrence of the societal disorder produced by the 'Guided Democracy' established by his predecessor Sukarno. Over the years Suharto consolidated his autocratic position. The Parliament had no political power and cabinet ministers were only supposed to execute Suharto's policies. Economic policy was predominantly nationalistic, with a strong government involvement in directing incomes from natural resources into advanced industries (oil and chemical industries, aerospace). One of the reasons why Suharto was able to maintain his position for such a long period was the fact that his family and other allies were enabled to enrich themselves from state-created monopolies. Comparing the Indonesian situation to the situation in England and

France in the 17th century, Cassing characterizes the resulting political culture in Indonesia as mercantilist: a strong power concentration at the top, combined with individuals seeking returns from state-sanctioned monopolies. Cassing stresses that this culture is deeply rooted in Indonesian society. In my view, university staff members looking for additional sources can also be seen as rent-seeking individuals attempting to utilize state-sanctioned monopolies. Public universities, especially the Java elite universities, are highly esteemed. Staff members exploit this reputation, which can be seen as a resource created by a state-sanctioned monopoly, in order to acquire teaching jobs at private universities and other sources of income.³

The Indonesian economy has been hit hard by the 1997 East-Asian economic crisis, and recovery is slow. The World Bank and IMF provide economic aid and have induced public sector reforms. Reforms started under the Habibie regime with the privatisation of several state-owned industries, and have continued after the 1999 elections brought Wahid to power. One of the major reform operations taking place is the devolution of decision-making power and financial autonomy to the regional governments.

The above shows that the broader institutional structures and political culture of the Indonesian public sector are reflected in the existing higher education system. Also the current higher education reforms are part of a broader restructuring of the public sector. This does not imply, however, that the higher education reform process is similar to that of other parts of the public sector. The next section will show that the Indonesian academic elite, with its own institutional characteristics, plays a dominant role in shaping the reform process.

4. ANALYSIS OF THE REFORM PROCESS

The Indonesian Ministry of Education and Culture regularly issues a Long Term Education Plan, which outlines the strategic course of the education system. The latest Long Term Education Plan (referred to as the *New Paradigm*) has been issued in 1996 and constitutes a radical change in Indonesian higher education policy. The main objective of the plan is to improve outputs and outcomes (i.e. quality) of the education system by implementing a higher level of autonomy and accountability for the institutions, combined with comprehensive accreditation and evaluation systems. Also, the public universities will be granted more financial independence. This section will analyse the reform process initialised by the *New Paradigm*. First of all, the intended changes will be described and interpreted in terms of their NPM-ness. However, I will show that the institutional context of Indonesian higher education is also reflected in many features of the reform program. After that the process of decision-making and implementation of the reform programme will be further analysed. This analysis will show that the existing institutional context already changed before the implementation of the reform programme. I will even conclude that the reform program itself is an expression of the willingness to change from within the institutional context, rather than an institutional *Fremdkorper* being enforced from outside. Furthermore, I will conclude that the Indonesian academic elite has been an important driving force in the reform process so far.

4.1 The NPM-ness of the New Paradigm in Indonesian higher education

Under the New Paradigm, two major changes in the higher education system take place. First, public universities are given an independent legal status as a non-governmental public organization. Secondly, independent advisory and auditing bodies will become more important. The National Accreditation Board (BAN) was established in 1994, initially to evaluate and accredit private university programs. Its current task is also to develop a new mechanism for quality control for both public and private higher education. Initially, the BAN was to perform the accreditation and evaluation of the curricula itself. However, financial limitations have forced the BAN to consider a system of self-accreditation for selected institutions. Furthermore, a regional system of accreditation is considered, which is in line with the general trend towards devolution to the regional level. The BAN itself would then perform as a 'meta-accreditor', monitoring the accreditation process rather than performing it (Tadjudin, 2001). Another semi-independent organisation playing a major role in the reform process is the Board of Higher Education, which was established in 1996 and has three councils: for education, research and development. Its current task is also to develop a performance based funding mechanism for higher education. Once the funding mechanism has been developed, the BHE will be more involved in strategic issues like formulating long term recommendations, identifying new priority areas and programs for funding, developing competitive funding mechanisms, and providing technical assistance and management training for academic leadership.

The core of the New Paradigm is the new funding and budgeting system for the public universities. The new system is output based. Output indicators such as the number of graduate students will determine the amount of funding. Secondly, the system will use block grants instead of itemized budgets. This gives the universities more freedom in deciding how to spend the money. A third feature of the new system is that universities now have to compete for government funding. Part of the government budget will be allocated by competitive mechanisms. Universities are allowed, and even encouraged, to generate income from external sources such as industry and research foundations.

Another reform in the higher education system is that the universities themselves become responsible for staff appointments and promotions. This enables them to alter the management structure and appoint the rector and other executive staff by themselves. Also, it leads the way to a promotion system based on performance rather than seniority. Universities receive more autonomy in curriculum issues as well. Responsibility over curriculum issues is in principle laid down at the academic institutions. However, as said before, external bodies will take care of accreditation and evaluation of study programs.

Although the philosophy and the outline of the higher education policy in the New Paradigm is quite clear, many of the concrete policy measures have yet to be articulated. The new regime will first be put into operation in the four elite public universities: University of Indonesia in Jakarta, Bogor Agricultural University, Gajah Madah University in Yogyakarta and the Institut Teknologi Bandung. These universities have obtained a legal status as an autonomous institution as of January

1st 2001. These universities have a transition period from 2001 until 2005 before all of the measures mentioned above will be implemented. Before 2001, each of the four universities established a task force to prepare four documents: a constitution, a self-evaluation or baseline study, a strategic plan and a transition plan. These plans have been the basis for negotiations with the Ministry of Education regarding the exact conditions for autonomy.

It is clear that the higher education reform programme is in line with the New Public Management agenda. Features like output orientation, decentralization and competition are obvious elements of the reform program. Only the issue of managerialism does not appear to be an explicit element of the reforms. However, background documents and interviews point out that many of the reform measures are taken in order to create a breeding ground for so called 'third wave management', which is described as 'being designed for organizations that emphasize the productivity of assets in their operations' (Satryo, 2000, p. 8). Third-wave management should replace the existing bureaucratic management style. This shows that the managerialist inclination of the New Public Management is also present in the higher education reform program.

4.2 Indigenous values in the reform program

Despite its NPM signature, the Indonesian higher education reform program also reflects dominant values of the existing Indonesian system. The most significant is the central position that universities traditionally have been given in the Indonesian national development. The *tridharma* concept, described in section 3, continues to have a central position in both the central higher education policy and the strategic plans of individual universities. The Directorate General of Higher Education considers scientific performance *per se* not the most important performance criterion for academic research. It is developing an evaluation mechanism to measure the societal impact of the universities' activities. Here we see an interesting blend of the NPM demand for accountability and the indigenous value of service to society. This value is also reflected in the fact that government-funded research should primarily be geared to improve the position of local industries and small enterprises. This focus on local industries is new: under the Suharto and Habibie regimes universities were to contribute to the development of high-tech industries, such as aerospace. Here we see that the research agenda may change, but that the underlying institutionalised values remain the same: universities should primarily contribute to the development of Indonesian society. For the Institut Teknologi Bandung, Indonesia's leading technological university, the *tridharma* concept also remains a leading principle in the new situation of autonomy. Staff members are supposed to spend 20% of their working hours on community service; the rest is divided between research and education (ITB, 2000).

In section 3 I argued that the phenomenon of university staff members having external jobs fits in the general mercantilist structure of Indonesia's economy. Individuals seeking profit from state-regulated monopolies characterise this structure. It is interesting to see how the reform process deals with such a deeply

rooted institution. On the one hand the structural absence, which is a consequence of this practice, is condemned strongly. On the other hand, however, the ability to generate external income is interpreted as a potential strength and an expression of entrepreneurship. ITB is looking for ways to internalise the external incomes generated by individuals, for example by strengthening the position of its industry-university cooperative research centre. Thus the NPM features of financial autonomy and entrepreneurial attitude of service providers enables, at least in theory, to internalise the entrepreneurship of individual staff members.

A third example of indigenous values mixing up with the reform program is specific for the Institut Teknologi Bandung. In general the ITB leadership welcomes the reform program because of the financial and administrative autonomy it produces. According to the NPM doctrine this autonomy should be utilized to strengthen the managerial qualities of the university leadership. However, ITB insists on having an elected rector as leader of the university, both for the academic and the managerial issues. ITB staff members preparing the transition to autonomy recognize that an elected leadership may not produce the best conditions for creating managerial qualities. However, the democratic process of electing a leader is considered more important. In terms of institutional transplantation this is an interesting phenomenon. The institutionalised value of democratic leadership is clearly not a heritage of Indonesia's political culture as a whole. Rather, it is a shared value of the academic community that has been suppressed under the old regime. ITB considers it to be an expression of its autonomy to have an elected leader, and not a leader who is appointed by the central government. Here we see that the reform program enables this institutionalised value to become implemented.

4.3 Constructing the program: adaptation of the reform program

The previous sections have shown that the Indonesian higher education reform on the one hand bears the characteristics of the New Public Management doctrine, but that it also reflects elements of the existing institutions of the Indonesian higher education system. This is in line with the literature discussed in section 2, which in general recognizes the need to adapt NPM reform programs to the specific characteristics of receiving countries.

In section 2 I have argued that the literature provides little insight in the processes by which this adaptation takes place. In this section I will analyse the decision-making and implementation processes that have produced the reform program, and how they have allowed for a mixture of NPM doctrine and indigenous values.

In the first place, the NPM features in the reform programme have been taken from many different sources. The Director-General of Higher Education and one of the architects of the reform program refers to the literature on 'third wave management' as a major source of inspiration (Satryo, 2000). Apart from this literature, the experiences in other countries have also been taken as a source of inspiration for the reform project. Government officials have analysed systems and reform processes in the United Kingdom, Ireland, Australia and Chile. The reform

program in Chile failed because the transition was implemented too fast. Taking this into account, a transition period was introduced in the Indonesian reform program.

The involvement of the World Bank is another channel by which the NPM agenda has influenced the Indonesian higher education reform. The World Bank has been involved in Indonesian higher education policy for a long time. In the late 1980s the World Bank granted a Higher Education Development Loan, part of which was used to finance research activities by Indonesian universities. Research projects were financed in a competitive structure, and project outputs were evaluated (Koswara, 2000). Since 1995 the World Bank and the Directorate-General of Higher Education are working together in piloting a new funding mechanism for research activities and graduate and undergraduate programmes. In this pilot, called the URGE⁶ project, competition between programmes is introduced, and programmes are evaluated based on output indicators. Peers from the Indonesian academic community carry out selection of proposals. Besides these individual projects the World Bank also financially supports the transition process itself.

This cooperation with the World Bank does seem to have resulted in dissemination of elements of the NPM agenda to the Indonesian higher education system. In the first place, the Indonesian government officials are very much aware of the demands for accountability and proven improvements in effectiveness and/or efficiency put forward by the World Bank when granting loans or financing projects. Secondly, the projects themselves bear an NPM characteristic. It should be noted, however, that the design of the projects and programs funded by the World Bank are a co-production of the World Bank and the Indonesian government and higher education community. The initiative to request World Bank funding was taken by the Indonesian government officials, in cooperation with members of the academic community. The academic community also participated in the execution of the projects. Also the conditions for the transition process were co-designed by the World Bank and the Directorate-General of Higher Education.

The above also shows that the main change agents of the reform are part of the existing higher education system. Members of the academic community and the Directorate-General of Higher education have actively sought for support from the World Bank. This willingness to change has several reasons. One is the desire to leave behind the Suharto era by dismantling the institutional structures created during his regime. The IIB leadership is pro-actively involved in the definition of the reform program mainly because of the administrative and financial autonomy that will be the result of it. Especially the financial autonomy is seen as an opportunity to generate additional funding on top of the extremely limited-government budget. Moreover, as described above, the autonomy has an important symbolic value, representing academic freedom. The active role of the academic elite in formulating and implementing the reform program goes even further. The Indonesian top universities are designated to play an active role in improving the management qualities of regional universities, who will be granted autonomy in a later stage.

In my view these circumstances allow for creating a mixture of NPM features with indigenous values. The use of multiple sources creates more freedom to produce a specific blend of objectives and actions, which is appropriate for the

specific institutional context of the Indonesian higher education system. Also the fact that the main change agents and architects of the reform program are themselves part of the existing system makes it easier to integrate existing institutional values in the reform program.

5. CONCLUSIONS AND DISCUSSION

In this chapter I analysed the introduction of a New Public Management-type of reform program in the Indonesian higher education sector. The introduction of New Public Management in developing countries has received considerable attention in recent literature. The NPM model is Anglo-Saxon in origin. Its emphasis lies on decentralization, market-based coordination principles and management techniques derived from the private sector. The question is whether these features can be introduced in the institutional setting of developing countries. This question is especially relevant because international aid organizations like the World Bank and the IMF advocate NPM-style public sector reforms in countries supported by them. Many authors stress the need to adapt NPM reforms to the specific situation in receiving countries, but little attention is given to the process by which this adaptation can take place.

The case study of the Indonesian higher education reform shows that the introduction of NPM principles in developing countries can be an interactive process. The Indonesian reform program itself appeared to be an amalgam of internationally accepted NPM features and indigenous values from the Indonesian higher education sector. This means that in this case there is no specific donor country or donor agent for the institutional change. For example, it combines an output-based budgeting system for public universities with a strong emphasis on the obligation of universities to perform community services. Surprisingly, the main driving force behind the reform process did not come from the World Bank, despite its financial involvement. The reform process was mainly designed and initiated by a coalition of part of the central government and the academic elite. This coalition has taken in multiple sources, including literature and reforms in other countries, to produce the reform program. This situation has facilitated the adaptation of the reform program to the institutional idiosyncrasies of the Indonesian higher education sector.

The question is whether the introduction of NPM reforms in other sectors and countries follows a similar scheme. In general the academic world is more internationally oriented than other sectors. Thus the proactive taking in of different international sources for the reform programme may be more difficult in other parts of the public sector. Also, the aspiration for autonomy, which was a major motivation of the academic elite to participate in defining the reform program, is a reflection of a specific value, namely academic freedom. Furthermore, the willingness to change government structures also stems from a widespread disgust with the Suharto heritage. This is of course a specifically Indonesian feature, although other countries may also want to dispose of the remains of unpopular regimes.

Nevertheless, the case study does show that the introduction of NPM reforms in developing countries may be a more complex process than appears at first sight. The mechanistic picture of a reform program designed by an external organization and enforced upon the receiving country appears to be too simple. The Indonesian case study shows that we should not underestimate the willingness to change and the resources for self-treatment within the receiving countries. Furthermore we should not presuppose that the institutional characteristics of the receiving country are homogeneous. This case study showed that specific institutionalised values of the academic subculture have been an important factor in shaping and supporting the reform program. Linking up the reform program with these specific values, driving forces and resources may produce reform programs which are both effective in improving public sector performance and can maintain the existing institutional values in the receiving countries.

NOTES

¹ This case study is based on two research projects. The first is the evaluation of the programme for Dutch-Indonesian scientific cooperation, financed by the Dutch Ministry for Education, Culture and Science. The Executive Board of Delft University of Technology financed the second project. Its aim was to identify options for cooperation between Delft University of Technology and the Institut Teknologi Bandung. For both projects a total number of 30 interviews were held with government officials and members of the academic community involved in the higher education reform process. Also written sources such as the ITB reorganization plan were collected and analyzed.

² This summary is primarily based on Hood (1995), Mathiasen (2000), Lynn (1998) and Borins (1998).

³ It is typical of the New Public Management doctrine to speak of 'clients' when referring to actors utilizing public sector services.

⁴ This section is based on Bastiaens (2000), World Bank (2000), interviews with government officials and members of the Indonesian academic communities, and comments on an earlier version by Eric Beerkens (University of Twente).

⁵ It should be noted that in general, the amount of extra income generated by staff members is by no means comparable to the blatant self-enrichment of the Suharto clan.

⁶ University Research for Graduate Education.

⁷ This does not imply that there is no resistance to the reform within the Indonesian government and academic community.

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MARTIN DE JONG & NADAV HARAN

AN AMERICAN IN LONDON

*Why a London Underground replay
of the New York Subway refurbishment was unsuccessful*

1. INTRODUCTION¹

Policies transferred from elsewhere can when planted in alien soil, encounter different legal and cultural traditions that may sometimes render them ineffective or even counter-productive. But what happens if policies are transferred between two countries that are part of the *same* family of nations (Castles, 1993)? Then, at least, legal and cultural differences can be dispensed with. This facilitates exchange of information dramatically and policy borrowers can be forewarned against possible pitfalls. One finds similar situations described in the retail planning chapter of this book (from France to Spain) and the privatisation programme in New Zealand, which was based on mixed Anglo-American sources. Circumstances surrounding a successful transplant appear to be even more ideal when the person who was responsible for developing the original gets the unique chance to copy his own success in another country, which is deemed culturally similar. Such the situation will be described in this chapter, when Robert Kiley, the man responsible for getting the New York Subway back on track in the 1980s after years of disinvestment, neglect, low quality service and safety problems, was asked to take on the London Underground system and turn it around. His particular managerial and financial-economic recipe, used in New York, seemed also particularly appropriate in the British context ten years later. The London Underground, New York Subway's British counterpart, suffered from comparable problems which apparently begged for comparable medicines to cure its ills. This was what London's new Mayor, Ken Livingstone, elected on the basis of his plans to improve the performance of the 'Tube' among other things, had in mind when he hired Kiley to be his commissioner for Transport for London, that is to head London's metropolitan body for transport planning and management. It did not work out. In this chapter, we give an account of the problems that occurred when Kiley attempted to repeat his successful New York trick in the supposedly friendly soils of London.

The chapter consists of the following sections. In section 2, we will delve more deeply into the issue of US transplants to Britain and will make clear why such efforts have met with regular success in the past and how and why the group of Anglo-Saxon nations can be called a legal as well as a cultural family. In section 3, we turn to the parameters of the model used to restyle the ailing New York Subway

in the 1980s. In section 4 we give an elaborate description of the developments regarding the refurbishment of London's Tube system in recent years. Section 5 will then provide some explanations for the *deconfiture* of the New York Subway model in London and in section 6, we draw the conclusions.

2. THE CONVENIENCE OF BORROWING FROM ONE'S OWN FAMILY

In his groundbreaking work 'Policy Transfer and British Social Policy: Learning from the USA?', Dolowitz (1999) makes some very interesting remarks on the exchange of ideas, policies and institutions between Britain and the United States that are worth mentioning here. He points to the far reaching impact that the New Right has had in both countries and to the natural susceptibility of the two countries to this politico-economic paradigm because of a structural similarity in their liberal regimes and conceptions of what constitutes a welfare state and human nature (Esping-Andersen, 1990). Add the perceived affinities between Washington and London in world politics, close personal relationships between Thatcher and Reagan in the 1980s and Clinton and Blair in the 1990s and Dolowitz completes his picture of the UK and the US as 'natural bedfellows'. This is not to say that this relationship is fully symmetrical. As he states:

Second, some countries seem more subject to policy transfer than others; in particular, the United States seems to feature much more as a lender than as a borrower (...) in most areas of public policy Britain appears to be a borrower, although this is not a hard and fast rule (Dolowitz, 1999, p. 5).

Despite the fact that many of the other chapters in this volume provide evidence of the predominance of Anglo-Saxon policy paradigms in the name of New Public Management, PPP, privatisation etc., on a global scale and the reputation of Britain as an influential institutional pioneer within Europe, whose models are either emulated by some or avoided by others, it is probably true that the UK is a net borrower from the USA. There may also be some sensitivity on behalf of the British when they have to admit that in modern times, global hegemony and the leading role regarding progress in science and technology and innovations in other areas that they once had has been usurped by their successful cousin across the pond (Marshall, 1996; Harris & Moran 1996, pp. 306-313). This may be one of the reasons why, as Dolowitz believes, policy solutions that originated in the USA, have been transferred to Britain and then packaged and sold as 'typically British' (Dolowitz, 1999).

2.1 Legal, political and administrative characteristics of Anglo-Saxon countries

Britain and the United States are, along with kindred nations such as Australia, New Zealand, Canada, and to some extent Ireland and South Africa, referred to as 'Anglo-Saxon'. While this name may remind of the ethnic background of many of their inhabitants, similarities in these countries run deeper than just history and/or the genetic make-up. When migrating to, and settling in other parts of the world, the British took with them elements of their political and legal regime, philosophies and

processes. They exported these values even to countries of which the ethnic composition was very different from theirs and where few British settlers remained, such as the Indian subcontinent and parts of East Asia and Africa. These territories, often part of the British Commonwealth, foster the remains of the British system in their political and legal systems, but are now culturally too different to be subsumed under the heading Anglo-Saxon nations.

The prototypical *legal* system of Anglo-Saxon countries is characterised by its use of precedent instead of legal codes, and a resulting preference for pragmatism and ad hoc interpretation of legally relevant events rather than reframing an issue such that it falls into a judicially acknowledged category found in a code. In contradistinction to Continental legal systems, the judge is not considered as the 'mouth of the law'. Rather, a tendency can be observed of judges and administrators letting individuals plea for themselves and choose their own course of action instead of the judge taking the lead in inquiries. Then there is the concomitant penchant shown by officials to focus more on fair procedure and process than on the actual contents of the investigation. Legal theorists and students of comparative law designate legal practice as *Common Law Systems* as opposed to the 'Civil Law Systems' found on the European Continent and in territories where continental powers have exported their legal systems; these are based either on Roman Law, Napoleonic Law or on a combination of the foregoing (Damaska, 1986; David & Jauffret-Spinosi, 1992; Zweigert & Kötz, 1998). A final element of a more administrative nature that should be noted here is the natural inclination of authorities to install functional bodies with clearly circumscribed sectoral competencies unrelated to any territorial entity. On the Continent, such functional bodies are considered to be too fragmented and their sometimes short-lived existence as rather ephemeral (De Jong, 1999).

The prototype of the Anglo-Saxon *political* system is an adversarial two-party system with few if any internal cultural cleavages, leading to the prevalence of a 'first past the post' or 'winner takes all' principle in elections at all levels, i.e., districts, counties and the national level. The party in power does not have to suffer the pain of having to compromise with other coalition parties, opposition can at times become acrimonious and both sides of the political spectrum may be caught up so strongly with their own ideology or policy paradigm that reaching consensus may be regarded as a weakness (Hall, 1986). This political model and/or style is known as the *Westminster Model* (Lijphart, 1999), but not all Anglo-Saxon countries adhere to it to the same extent and some may deviate from the original at specific points. The United States, for instance, has a strong form of federalism unknown in the United Kingdom as yet which at present is a unitary state with a powerful central government. The Blair government has recently embarked on a policy of decentralisation granting Scotland an independent parliament and Wales and Northern Ireland semi-independent assemblies. It has also installed the Greater London Authority (GLA) headed by a Mayor and has allowed local government more leeway in various policy areas, thereby restoring a situation of limited local government autonomy that had been rescinded by the Thatcher government. This devolution process has had an impact on competencies in the field of public transport in London. London Transport (LT) post Thatcher was entirely in the hands

of, and run by, central government. With the advent of the GLA it was handed over to a new organisation named Transport for London (TfL). TfL as the executive arm of the Greater London Authority reports directly to the Mayor. TfL is now responsible for the delivery of the Mayor's integrated transport strategy. The transfer of responsibilities has not been fully completed however. London Underground, also known as the Tube, as the last element in public transport system is due to be handed over to local government at a later stage, after central government has completed its Public Private Partnership Programme.

2.2 Cultural characteristics of Anglo-Saxon countries

Interestingly, the similarities between the family of nations under discussion do not end here. The Anglo-Saxon countries also flock together in the anthropological realm, albeit that there are nuances of difference here and there. Nevertheless, they can be generally distinguished from other families. In Hofstede's work (1997) for example they are characterised by a combination of (1) strong individualism, (2) a high score on the masculinity index, implying a preference for taking 'a tough stance' and a focus on tasks and on performance in work-related matters instead of being 'softer' and focused on people, (3) a low level of power distance, meaning that inequality between the high and low in organisations and society as a whole is not naturally accepted, (4) low uncertainty avoidance, which indicates that unknown situations are often experienced as a challenge instead of a threat and (5) a short-term orientation, where results of efforts should be visible within a rather short time-span. Hampden-Turner & Trompenaars (1992) using partly divergent dimensions come to the conclusion that across the board Anglo-Saxons are individualistic, as opposed to collectivistic; analytical, as opposed to synthetical in problem solving outlook; egalitarian; base their judgements on people's achievements instead of their family background; have a sequential conception of time, meaning they prefer to perform various activities after one another and not simultaneously; treat people in a universal as opposed to a particularistic manner, meaning universal rules should apply to all including family and friends; and prefer to control their social and natural environment instead of adopting a more fatalistic attitude. It must be added here that on most counts the UK and especially the US have more extreme scores, and are therefore more extreme in this regard, than the others.

In the light of the above mentioned features that the United States and Britain seem to have in common, politically, legally and culturally, it is intriguing to see how a transplant taken from a New York model to London more than a decade later in a process run by the same manager fared. And if it did not work out as planned, what were the mechanisms behind its demise?

3. THE NEW YORK SUBWAY MODEL

London's newly elected mayor, Ken Livingstone, announced he was hiring Robert Kiley's services as a new commissioner to Transport for London in October 2000. Kiley, an American and a former top manager of the New York Metropolitan

Transport Authority, was to be in charge of a process to restructure London's public transport system, a system considered unreliable, unsafe and inefficient. Chronic train delays, lack of safety measures, unbearable busyness and expensive tariffs were only some of the complaints aired by the public. These laments were mainly based on the performance of the above ground network, but also affected the image of underground rail. According to a customer satisfaction survey in 2000, the number of regular users considering the Tube to be poor value for money had doubled in a year, from 32% in 1999 to 65% in 2000 (*The Times* 10 November 2000). The antiquated safety measures, trauma arising from recent train disasters of Hartfield derailment with 4 deaths and Paddington's disaster with 31 deaths, evidence the dangerous conditions on much of the network. Essential safety works were postponed because they were 'not cost-effective' (*The Independent* 30 December 2000). To this dark picture other points of criticism were added about the daily delays and punctuality problems leading to increasing frustration among passengers due to the unreliability of the system. Companies incur losses because employees arrive too late or worse – do not even manage to come at all due to strikes, while alternative means of transport (taxi, private cars and aeroplanes) are either unfeasible or would cost companies too much. In short, overcrowding, lack of services, filth and negligence alongside an alarmingly rising rate of violent crime and pick-pocketing contributed to an overall feeling that tax-payers and ticket buyers were and are not getting an appropriate return for their money.

This gloomy picture inspired the ambitious and unconventional London Mayor to action. Ken Livingstone, who also served as Chairman of Transport for London, considered implementing local reforms and improving the public transport system to be a key issue for his policy in the coming years. In his own words: 'I was elected to tackle London's transport crisis' (*Associated Newspapers* 9 October 2000), an ambitious goal for the head of a regional authority which was only gradually gaining some competencies independent from central government. Livingstone appointed an American expert as one of the Commissioners of Transport for London in October 2000. This expert, Robert Kiley, was an extremely promising option because from 1983 till 1990 he had been the figurehead of the New York Metropolitan Transportation Authority (MTA), responsible for the successful renovation of the New York regional transport system, restructuring its management and reviving its physical infrastructure. As Livingstone described it:

in making the appointment of Commissioner of Transport for London I have therefore carried out a search for the best in the world...I have offered the job to R. Kiley who turned New York's transport system from one of the most crisis ridden in the world into one of the best (*Greater London Authority* – News Release 9 October 2000).

Indeed, few will dispute the success of the renovated and extended public transport system in New York during the 1980s, when Kiley was in office as its Chief Executive Officer.

The parameters of the New York Subway Model

Since 1982 the New York MTA had been carrying out America's most extensive transportation rebuilding project. Like London Underground before its restructuring, the NY Subway had suffered decades of disinvestment, which brought it to breakdown point during the seventies. The major features of the city's subways were the spray paint graffiti, which covered every square inch of the cars, and the smell of urine, as the city's homeless had taken to using the trains and stations as toilets as well as a place to sleep. Trains broke down every 7,000 miles and passenger numbers slumped to their lowest level since 1970, while crime reached a peak in 1980 with 19,000 felonies on the subway. Track fires and derailments were commonplace, and lights inside the cars often didn't work, plunging riders into complete darkness when cars entered tunnels that ran under the East River. Today, crime is down to 4,000 incidents a year, trains break down only every 77,000 miles and passenger numbers have risen to 4.5 million a day (Feinman 1995-2002).

Mr Kiley has been credited for the successful renovation of the New York regional transit system, the restructuring of its management and the reviving of its physical infrastructure. He began the subway's renewal by focusing on track work and lessening weekly derailments to a point where such events became newsworthy again in New York City. Replacing of the train cars came next. All 6,000 subway cars were replaced or overhauled and these measures were combined with a 'zero-tolerance' approach towards vandalism, graffiti and fee-dodging (for a more elaborate account, see Feinman 1995-2002).

The restructuring of the NY subway system took place during one of the financially most challenging periods in the history of New York. Like other American cities, the municipality had to deal with radical cutback in federal fiscal aid. From 1970 to 1980, the federal government's share of the total subsidy to public transport increased from 26% to 54%, whereas from 1980 to 1991, subsidies from the federal government went into a free fall from 54% to just 24% (Pucher & Hirschman, 1993: 14). The news was not all bad though; the trend to cut back on federal subsidies also stimulated the American cities to become much more self-sufficient than they had been previously. In the 1980s most cities swiftly moved to raising taxes and setting aside emergency funds from their own revenues. During Kiley's tenure as a CEO of MTA (1983-1990), an investment of \$20 billion was put in to tackle New York transit's trouble coming from raised fees and also from the issue of bonds. Municipal bonds are one of the main instruments used in the USA to garner capital for the development and maintenance of infrastructures. The kind of bonds used in New York to finance the subway operation was 'revenue bonds', which are issued for the purpose of a specific project or service for which the recurrent incomes are clearly distinguishable. These revenues are then used to repay the rents. Revenue bonds are issued when the local authority prefers to supply services itself in a certain project instead of waiting for private sector initiative or when such initiatives from the private sector are not coming forward. Nowadays, MTA bonds are rated by Wall Street credit agencies and are sold in the private capital markets. The Governor of New York State appoints the chair and several board members of the MTA and the Mayor of NYC and officials of the suburban county governments in the region are responsible for the

other appointments to the board. The MTA prepare a 20-year statement of capital needs and grounds its five-year plans on it. This must be approved by the New York state legislature which sets a cap on the maximum volume of bonds to be issued for each five-year period (*The Guardian* 20 March 2001).

4. THE LONDON UNDERGROUND REPLAY

Livingstone hoped to emulate this success story and that he attempted to transplant New York innovations to the London Underground. By the end of 2000 and during the first half of the year 2001, Livingstone and Kiley went about making some managerial reforms and imposing some managerial methods that had met with such great success in the United States. However, reform and comprehensive improvement would be as good as impossible without eroding the power of the unions, a formidable force in English labour relations. Kiley had not experienced similar complications during his years in New York. Perhaps even more importantly, funding was urgently needed to finance the physical improvements (some 20 billion British pounds) needed for the metropolitan rail network and this was hardly available. Nevertheless, a similar situation had existed in New York when Kiley took over. Then federal support had been vigorously cut too, leaving the main alternative of raising private money. To solve this financial problem, municipal bonds were issued raising \$15bn from investors and the public to transform the city's ailing subways and trains. Here too, a financial gap existed that was usually filled by central government funding 50% of the infrastructure investments, but the total amount was deemed too low to really make the difference. Kiley and Livingstone both favoured a similar use of bonds to raise British capital. The implication of such an instrument would be that the LGA had free reign to manage and operate the system independently.

At the central level both the two men and their policy were strongly resented. Prime Minister Tony Blair, in an interview with the observer, sought to discredit Livingstone's policy for funding the Tube by branding the NY Subway rescue as a financial failure. He related that in New York the city had gone bankrupt and federal government had had to deliver the bonds (*The Guardian* 27 February 2000). This claim was inaccurate however, since neither the US federal government nor the state legislature of New York had ever had to bail out an MTA bond. It was illustrative of the acrimony that existed between the central and local political leaders and the lack of co-operation that could be expected from central government. There were partisan reasons for this, Livingstone was the first elected Mayor of London and he had run as an independent candidate against Labour's favoured candidate, having left the Labour Party to do so. The new arrangement also called into question central government's preference for already existing Public Private Partnership (PPP) Programmes for London Underground which were in danger of being thwarted by Livingstone's new-fangled bond policy. The British government contended that the financing of the restructuring must come from the private sector, by means of PPPs, whereas London's Mayor and his American Commissioner claim that such PPP constructions will be a disaster for the capacity of proper management and operation. Already in March 1998 Deputy Prime Minister John Prescott had

announced the central government would introduce Public Private Partnership to bring stable increased investment to London Underground. The financial objective of this plan was to deliver 8 billion pounds worth of investment over the next 15 years. It involved dividing London Underground up into a public owned operating company responsible for delivering services to customers and three privately owned infrastructure companies. Responsibility for repair, maintenance and construction, signalling equipment and rolling stock would be passed to the three private sector companies with 30-years contracts, while responsibility for train operations and statutory responsibility for safety would remain with London Underground. Private companies had been invited to bid for the responsibility to maintain and upgrade tracks, tunnels, signals, stations and other infrastructure matters under contract to London Underground. Having met certain quality and safety criteria, the private sector would be allowed to achieve profits in return for improved performance and improved services for passengers. The objectives were to:

deliver 13 billion pounds worth of investment in London Underground over the next 15 years, to maintain and upgrade the infrastructure, improve services for passengers and provide value for money for the taxpayer (DETR 2001).

The wording reveals much the same goals as London's Mayor has, but for him, the central government's proposal to break up London Underground into four parts, including three private sector monopolies with contracts binding London's elected government for 30 years, will create the kind of fragmentation of management control that has proven to be disastrous for Britain's national rail services (i.e. Railtrack). Livingstone therefore propagated an alternative which will solve both the managerial issues and the financial obstacles. His alternative was defined as

recruiting the best management practice in the world to manage a long-term programme of investment financed by bonds and involving large scale deployment of private sector expertise throughout a radically reorganised unitary system (...), the best option for the Underground is to allow TfL to finance investment in the underground by issuing bonds. These bonds would be secured against a combination of fare revenue, government grant and potentially parts of the proceeds of congestion charging...this is the model that has already been successfully employed by New York in the 1980s. Financing investment in the London Underground in this way would be safer, simpler and cheaper than partial privatisation. It would allow for a relatively swift injection of capital, and provide stable, predictable funding so that Transport for London could plan and fulfil its investment program. Maximum use would still be made of private sector expertise. But it would be on a contract-by-contract basis under the unified management that is essential (Livingstone, *The Independent* 1 November 2000).

In Mayor Livingstone's conception, private monopolies will always strive to satisfy their shareholders and pay out their dividends even at the expense of public interests, such as investing in safer and more efficient infrastructure components. TfL would be directly responsible for the planning and management of a broad programme of upgrading and improvement, while reaching out to private firms to carry out specific, discrete responsibilities. Funding the whole operation would be less dependent on the private sector, or at least policy responsibilities would not be simply given away but kept within the public realm. This could be achieved with the aid of municipal bonds; 12.75 billion pounds of capital improvement over the next 15 years was envisaged funded by 8.16 as cash from operations, 4.37 from the bonds and 225 million in

equities². In addition, the opponents of PPP contended that the complexity of the offered plan was too high; it would be virtually impossible to attribute responsibility when things went wrong. As a result, everybody would end up blaming everybody else (*The Economist* 7 December 2000).

The attacks did not come from just one side: Tony Blair and Deputy Prime Minister John Prescott (promotor-in-chief of the proposed PPP approach) played just as rough. In the first period when Kiley came into office central government ignored him and his Mayor and did not notify him of anything related to the PPP plans. He was excluded by ministers and the deputy prime minister from several rounds of 'meaningful consultations' over the PPP proposals to fund Tube improvements and when he asked on a confidential basis to review the contracts and documents associated with the PPP plans against the Mayor's proposals, he was denied access (*The Guardian* 10 October 2000). On another occasion, the Minister for London, Keith Hill, clashed with London's Mayor saying it would add on years to switch from PPP to bonds and he expressed his objection (*The Times* 14 November 2000). Through the last months of 2000 the attacks and counter-attacks between the two camps brought the Prime Minister to order that the 'mess' should be resolved by the end of February 2001, a few weeks before the general elections. Indeed, confronted with massive public hostility against the privatisation of the Tube, Prescott was forced to negotiate. Negotiations, however, proved common ground was impossible to reach (*The Observer* 2 February 2001). Kiley and Prescott agreed that the public sector would be heavily involved in the modernisation of London Underground and that a long-term financial commitment was needed. Part of the deal was that Kiley would take overall charge of all aspects of the Tube and in return for a central government increase in its funding for the system, Kiley would drop his plans to raise bonds. Therefore, Prescott insisted that the regeneration of the London Underground would be largely paid for with private money. Soon it became obvious that there was no unified central-government position. The Treasury, and its Chancellor Gordon Brown claimed that the public sector cannot be trusted to manage big investments and financial risks should be transferred to the private sector in any form of PPP and vetoed any progress in the negotiations between central government and the TfL (*The Independent* 27 February 2001). At the end of February 2001 the talks ended in a deadlock. Mayor Livingstone and Kiley considered taking legal action against any attempts to impose the PPP scheme with the argument that this plan would undermine Ken Livingstone's duty as a Mayor to provide a safe transport system for the capital (*The Guardian* 27 February 2001). All this would be very embarrassing to Blair's government in election time.

Later on, possibly to pacify Kiley during the national election campaign, Blair and Prescott personally proposed to appoint Bob Kiley to chair London Regional Transport, the parent company of London Underground still in the hands of central government. In this manner, Kiley could guide and finalise the PPP contracts for London Underground and allocate them to private bidders of his own liking. He took the job and this allowed him also to see the vital information and the contents of the confidential contracts that previously had been denied to him. He could also draw up a strict timetable for infrastructure improvements and attempt to insert a contract clause within the framework allowing him to terminate contracts with consortia if they failed

to deliver (*The Guardian* 5 May 2001). However, he did not perform his activities as planned by the government and kept on attacking the PPP schemes. He also refused to withdraw the High Court challenge against PPP. More importantly, the negotiations with the private bidders were said to have halted since Kiley had become LT's Chair. The negotiations between Kiley as the official Chairman of London Transport and the consortia did not produce the hoped-for arrangement and the private bidders insisted that Kiley's demands were not bankable (*The Guardian* 1 July 2001). Therefore, his best management practices were less than appreciated by Minister of Transport Stephen Byers, who fired him as the president of London Regional Transport on July 17 2001, effectively taking him off the job of preparing for the partial privatisation of the Tube. Byers motivated his decision by saying that Kiley was frustrating negotiations with potential buyers. Kiley replied this was a blatant attempt to silence him before he could hand over his independent critical reports on the privatisation and PPP issue to the LT Committee. In the months that followed various legal battles were fought between the representatives of Transport for London (Livingstone and Kiley) and London Regional Transport (central government) about whether Kiley was allowed to disclose business information on London Underground and evaluation reports produced by Deloitte & Touche and other consultancy firms, which he was, and whether the government could proceed with the PPP approach despite the fact that in due course London Underground was to be handed over to the locally administered Greater London Authority (GLA). According to the court, the government had the legal right to impose the PPP scheme on London. As the judge put it

whatever Londoners' expectations may have been, the statutory code transfers full democratic control to their Mayor only after the government had been able to introduce its version of PPP (*The Guardian* 30 July 2001).

Since then until the time of writing (September 2002), the Mayor and his Commissioner have undertaken whatever legal action possible to prevent the PPP programme from being executed, but to no avail. They have also pursued their battle against PPP on the public opinion front, where they had more support, but have been unable to overturn the course of events.

Despite all its attractive features the New York inspired institutional transplant did not make it in an alien, yet presumably familiar Anglo-Saxon London environment. Why? Of course, the resistance from central government played a large role in its eventual *deconfiture*, but even if such federal resistance had existed in the 1980s against the New York plans, federal officials would not have been able to thwart the NTA initiative. There are clearly underlying institutional factors for the failed transplantation, which will be presented in section 5.

5. HOW UNITARISM MATTERS IN INSTITUTIONAL TRANSPLANTATION

The day after the inhabitants of London had elected their mayor for the first time in British history, several responsibilities and competencies that had previously been in the hands of London Transport (LT) administered by central government were devolved to the local level. To achieve this, Transport for London (TfL) was established, which is one of the executive arms of the Greater London Authority

(GLA) reporting to the Mayor of London. In 2002 TfL includes London Buses, London River Services, Tramlink, Dockland Light Railway, the Public Carriage Office (to license taxis and private hire transport). Excluded from this deal was London Underground, which would be handed over as soon as the PPP scheme was finished, but until then it would remain under London (Regional) Transport and therefore in the hands of commissioners appointed by central government.

It is this latter element that deeply frustrated representatives of local government and made Livingstone's and Kiley's desires to reform the total transport system, of which the Tube is the natural backbone, largely futile. This crucial restriction in the trend to devolve power to local and regional government, especially in London, is also nub of the reasons why this classic example of promising of institutional transplantation has proven difficult if not impossible to realise.

Once the Greater London Council, which undertook amongst other things strategic planning and transport policies for the London region, was abolished by the Thatcher government in 1986, institutional fragmentation became common place. As a result, the boroughs were joined by a multiplicity of quasi-administrative, non governmental and other free standing agencies and bodies that could by-pass local government. Paradoxically, this fragmentation was effectively controlled by the central government, via the means of appointing political friends in these functional bodies and led to the phenomenon of the Quangos (quasi non-governmental organisations). The picture emerged of an urban policy approach scattered among numerous organisations, many of which are undemocratic (Page & Goldsmith, 1987). Rather than developing a strategic policy, the aim was to set out a framework to ensure the implementation of government objectives and the involvement of the private sector (Banister, 1994). As a consequence, the private sector acquired a stronger role in the planning of London in the 1990s, including major involvement in the setting of new London-wide and subregional priorities. Fragmentation has been a deliberate policy, accompanied the progressive reinforcement of central control. The national systems of financing local government was significantly modified in a more centralist direction at the end of the 1980s (Newman & Thornley, 1996). The development of detailed spending controls meant that virtually all local capital expenditure at the local level required authorisation from the centre. Additionally, in 1994 central government established new Government Offices for the Regions, including one for London, (GOL), representing parts of the government departments of Transport, Environment, Trade and Industry. These offices basically served as the government's interface with local authorities and bodies and implemented the national Planning Policy Guidances and filtered local bids for central government funding.

One could suspect that the Greater London Authority Act 1999 installing the Office of Mayor of London and the Greater London Authority (GLA) would put an end to the high level of centralism in England, at least with regard to London. Even though London Underground had not been made part of the deal, this fragment would also be included after the PPP programme had been completed by the government. But, though the consequences of this devolution scheme unmistakably have had the effect of strengthening the region, similar regional bodies had also existed for London and Manchester until 1986. At the time it took just a simple Act

of Parliament to disband them and replace them with various quangos. It cannot be precluded that something similar would happen again if central government resented at some stage choices made at the local and regional levels, possibly due to different political party compositions of the relevant councils. In this context, it is important to realise that England (Scotland, Wales and Northern Ireland are outside the scope of this article) is known as an *ultra vires unitarist* state, where the existence of all local and regional tiers of government are specifically installed and disbanded by central government and where local and central civil servants and officials live in relatively separate worlds. The combination of one-sided power to establish and abolish and weak ties makes the independence of local government traditionally quite vulnerable (Mény & Wright, 1985; Page & Goldsmith, 1987; Dente & Kjellberg, 1988; Toonen, 1990; Salet, 1994).

The United States, despite the fact that its legal system also consists of common law and despite its similar individualist, low power distance and analytical inclinations, has a very different (federal) state structure. All its states have considerable independence, have their own constitutions, have great financial freedom and have legislation that is not necessarily inferior to federal legislation. In stark contrast to the English situation, it is the federal government in Washington DC which is often forced to prove its right to exist to lower tiers of government instead of the reverse. Moreover, the many functional public bodies and non-governmental organisations in the United States often have elected members and are kept in check by assertive citizens explicitly claiming their rights. Citizens and pressure groups do not instantly trust authorities and ascertain they are listened to: the strong tradition to elect representatives has only reinforced this. This is not to say that British citizens would not also like to be in such a position, but the slow pace at which the British constitutional structure is being modernised has prevented such American-style developments.

In other words, the United States are both more federalised and more democratised, making central government intervention in local and regional transport matters highly unlikely, at least in the direct manner seen in the London Underground case above. The unitary management system Livingstone and Kiley were referring to, therefore, does not refer to their desire for a unitary state, but on the contrary to an institutional structure that allows for a regional transport management system to be free from central government intervention and free from public and private appointees in NGO bodies and businesses curtailing unified power exerted by regional government.

However pervasive institutional explanations such as the above are, they rarely tell the whole story and usually act in combination with other factors. One of them is the very specific local context consisting of local actors pro and con of which the cons in the British context may have been unabashedly anti-state. Some actors simply did not want to keep London Underground in public hands, just as they had privatised British Rail a few years earlier. Here this was the case with the central government, and more particularly with the Treasury, which had inherited a New Right view on government control of public utilities from the Thatcher and Major eras and felt committed to it despite its New Labour label. And there the third element of ideology, policy paradigms (Hall, 1986) or planning doctrines (Faludi,

1994) comes in: local (Labour) government's sincere belief in an innovative strong public entrepreneur utilising private means of management and operation clashed with central government's deeply felt belief that only privatisation (named Public Private Partnership) of vital public facilities could enhance the quality and defray the cost of public services. Interestingly, these are two opposing views or paradigms having one crucial aspect in common, being that private sector management styles would boost public sector performance. But for various reasons, building a bridge between these views turned out to be an unfulfillable task. Apart from reasons already mentioned, psychological motives such as *incompatibilité d'humeur*, fear of losing one's face in the midst of a fierce media battle and British sensitivity towards American managers who are perceived as trendy and slicked may also have played a role here.

6. CONCLUSIONS

The objective of this treatise has certainly not been to show that even in the most propitious of situations, transplantation is bound to fail. Rather, it has been to show that *couleur locale* or *couleur nationale* matters. The mechanisms behind policy transfer and the processes by which they evolve are intricate and escape simple matrices in terms of families of nations or policy analytical approaches framed as appropriateness and/or similarity of the policy problem at hand. Institutional differences between apparently kindred countries continue to exist despite political, legal and cultural affinity. Nuances of differences related to power positions of various actors, their policy preferences with regard to the issue at hand, their being caught and entangled in fixed ideological predispositions ruling out of any sort of compromise, politicisation and extensive media coverage of a battle and elements of personality and egos may all disrupt a transfer process that in theory seems an ideal showcase. In fact, easy transplantation due to cultural similarity may at first seem so self-evident that some real distinctions tend to be systematically underestimated. In short, institutional analysis should certainly not be taken as a license to focus primarily or even exclusively on the cultural and legal kinship of nations, but rather as a license to look at processes of 'institutionalisation'. What place does the new institutional transplant acquire in the wider policy context of its new host country? The concept families of nations provides the analyst with a first approximation as to the legal and cultural complexities and ramifications of the lessons to be drawn, but careful study of the mechanisms behind the adoption process is clearly required to get to grips with the entirety of a transplant situation.

NOTES

- ¹ To describe the chronological course of events, extensive use has been made of press releases and newspaper reports issued at <www.transportforlondon.gov.uk/tfl/pn_archives.shtml>. All information and quotes in press releases and newspaper articles were taken from this source, unless otherwise indicated.
- ² <www.transportforlondon.gov.uk/PDFfiles/PPP_hbv1tla.pdf>.

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PART IV

TRANSPLANTS WITH MULTIPLE DONORS

MARTIN DE JONG

SURPASSING THE SWEDISH MODEL OF ROAD MANAGEMENT LIBERALISATION?

Finland's use of patience and selectivity in adopting foreign models

1. INTRODUCTION¹

Since the 1980s a wave of institutional and policy reforms, starkly coloured by an Anglo Saxon lens of economic theory, has raged across the globe. Several chapters in this book bear witness to this phenomenon. These chapters include countries one would not immediately regard as culturally affiliated to either Britain or the United States.

A country that often adopts the strategies of institutional reform pioneer Great Britain is Sweden, albeit that consequences are usually 'softened' to fit the social-democratic tradition of that country (Micheletti, 2000). Some of these adaptations in the domain of various utility policies, including the liberalisations of rail, buses and taxis, have acquired international attention. Something similar, but perhaps less conspicuous to the public eye, has happened in the process leading to the liberalisation of road management (design, construction and especially maintenance), that started off in the beginning of the 1990s.

Historically, political and cultural ties between the different Nordic countries have been close (Derry, 1979). In road management, for instance, apart from existing bilateral contacts between Denmark, Norway, Sweden and Finnish policy-makers, there is the Nordic Road Federation where policy experiences are often exchanged and inspiration for novel directions arises. As a consequence, institutional frameworks in the Nordic countries follow international developments, but often interpret and translate them in comparable ways. Both constitutionally and institutionally they can be seen as a Nordic model or family with distinct features (Zweigert & Kötz, 1998). All of the Nordic countries bear the imprint of international developments such as the upsurge of globalisation, Europeanisation and concomitant trends as the dismantling of public monopolies and sizeable bureaucratic organisations and legal harmonisation. Just as in many other countries, best practices, which spread via international organisations, are influential when it comes to political and economic reform in Scandinavia and Finland. But the way in which these policy signals are imported and the specific flavour they get, can only be understood with the help of their common tradition and mutual inspiration. Regularly, though not always and often only unwillingly admitted by the other Nordic countries, Sweden is the leading nation in introducing and bringing about

those changes in the region. On the other hand, however, as in the case of the liberalisation of the taxi services, the dialectics of progress are sometimes at work here. It turned out to be a failure in Sweden, and the Finns averted making the same mistakes.

This chapter tells the story of how road management was liberalised, first in Sweden in the beginning of the 1990s and later on in Finland, by the end of the 1990s.² Developments in Finland closely mirrored those in Sweden, but the Finnish policy actors had the benefit of being in the position to draw some very instructive lessons from their neighbour. As one Swedish respondent said, the Finns had actually achieved to get the Swedish model implemented, whereas the Swedes had been halted somewhere halfway, and were now lagging behind with no turning back. The actors responsible for framing and adopting the new regulatory framework in Finland benefited from their wait-and-see attitude and carefully moved around political and other impediments to liberalisation that surfaced in Sweden. They were also inspired by a larger group of foreign examples presented in international conferences and meetings, mostly from British, New Zealand, Australian, Canadian and US origin (Teppo, 1998, 1999; Pakkala, 2002).

The rest of this chapter will proceed as follows. Section 2 will present a stylised version of the precepts of New Public Management (Lane, 2000), a strand of theory in public governance that applies concepts derived from micro-economic theory to the public sector. It is a line of thought that has been and still is highly influential and underlies public sector reform in Britain, Australia, New Zealand and the Nordic countries in the Post Reagan and Thatcher era. It is especially helpful in understanding the objectives behind the liberalisation of utility management, being to move from monopolistic enterprises and inert bureaucracies to healthy competition among providers and flexible services contracting. Section 3 describes the actual course of events in Sweden and Finland when it comes to realisation of open tendering. In order to achieve this, as a preliminary but crucial stage, new institutional conditions have to be created. It will be shown what choices were made in the Swedish context and then it will delve more deeply in how the Finnish actors actively filtered out hindrances encountered in Stockholm and circumvented the critical ones to get past their original. Section 4 describes the divergent consequences for the strategic positions of each of the involved actors as a result of the different institutional developments in the respective countries. It becomes clear that even though actors in Finland have not even approximated a situation of free and equal competition yet, the independent position of their regulatory agency is more promising for running a successful tendering procedure than the aborted reform attempts in Sweden can offer. Now that the Finnish Road Administration is closely following best practices from around the world, they ask themselves if they are now ready to vie with New Zealand and Australia (Pakkala, 2002).

After this empirical overview of the tribulations of the Nordic model of road management liberalisation in Sweden and Finland, in the concluding section the element of strategic actor behaviour and eclecticism in drawing lessons from across the border is highlighted. Actors behave strategically, in the sense that they reflect on choices made by others and themselves, are aware of their mutual dependence and anticipate future preferences and options. By-passing one's model by selective

learning and making strategic adaptations, allows countries to be in the forefront in the rat race when it comes to institutional transformation in the face of globalisation.

2. THE PRECEPTS OF NEW PUBLIC MANAGEMENT

Ever since Anthony Downs wrote his seminal and insightful books *An Economic Theory of Democracy* (1957) and *Inside Bureaucracy* (1967) and neatly laid out all the imperfections public sector organisations and the budget mechanism that rules them suffer from, economists or economically inspired students of politics and administration have been keen to show that the 'market' could be a source of inspiration for their improvement. This expanding line of thought originated and found its theoretical perfection in the United States and became known under the label of 'public choice' and was closely affiliated with the literature around property rights, institutional economics and principal agent theory (see for example Niskanen, 1971; Williamson, 1975, 1985; Eggertson, 1990; Mueller, 1989; Dunleavy, 1991; Buckley & Michie, 1996; Foss, 1997; and Jensen, 2000 for overviews and anthologies of this literature).

The general idea is always that each time the preferences of the public, citizens, users, customers or clients are translated to what is served by a (set of) public organisation(s) acting on their behalf, a loss of information validity, quality and efficiency should occur. As a result of this, customers of public services do not get what they ask for and see a part of their dear tax payer's money lost as X inefficiencies or slack in the confines of public sector organisations. The first loss takes place when desires are transferred from citizens to elected politicians, the second when bureaucrats implement the agendas of politicians, then once more when bureaucrats in ministerial offices delegate to bureaucrats in executive agencies, and then finally between these agencies deal with their customers. Each time, analysts observe a great information asymmetry between the body that orders a good or service and the one that provides it; the agency has direct supervision over most or all of its tasks and can and does use this information advantage to its own self-interest by providing selective or even false information to its principal. The preceding analysis has important repercussions for the performance of bureaus and public enterprises. Organisations provide neither the quality nor the quantity citizens want and they also work inefficiently. The result of all the above is that by force, bureaus and public enterprises are hierarchical, slow, unresponsive and inefficient and benefit from manipulating information. Differences in nuance can be seen among the various public choice authors. For example, Downs himself (1957, 1967) and Dunleavy (1991) were of the opinion that these public sector imperfections could also lead to less instead of more services than the public wishes, but none of them denies the severe imperfections in themselves.

This Post War harvest of economic thought was not lost on many theorists of public administration and public policy, neither in North America nor in Europe and Australia and New Zealand. An influential propagator of privatisation and liberalisation of utilities in the United States has been Savas (1982, 1987). The

public choice approach was worked out to its normative administrative ramifications in the 1990s and came to be known as New Public Management (Hood, 1991; Ferlie, Ashburner, Fitzgerald, & Pettigrew, 1996).

The most important representative of New Public Management in the Nordic countries clearly is the Norwegian Lane, whose collection of famous papers written in the 1990s appeared very recently (Lane, 2000). Lane has adopted all essential features from public choice theory and worked them out to administrative constructions, which basically means liberalisation, contracting and if necessary privatisation. Though he has not influenced the regulatory reforms in Sweden and Finland below in any direct sense, his framework fits the Nordic administrative structures and cultures quite well. Whether realistic or not, he assumes that increases in efficiency through liberalisation and privatisation do not necessarily impact equity issues in any negative sense. The characteristic differences between traditional public governance and new public governance he observes are outlined in table 1:

Table 1: Old versus New Public Management

<i>Traditional Public Governance</i>	<i>Modern Public Governance</i>
Emphasis on Political and Bureaucratic Struggles	Emphasis on getting the Job done
Use of Public Law (Bureau and Public Enterprise)	Use of Private Law (Contracts and Tendering, Bidding)
Separation between Public and Private Players	Levelling the Playing Field
Separation between Allocation and Regulation	Integration of Allocation and Regulation

Compiled and adapted from Lane, 2000.

If traditional public governance had all the caveats outlined above by the theorists of public choice, then modern public governance has all the attractive alternatives on the right hand side. This includes measuring and evaluating performance through contracts with private parties, giving regulation and allocation both in the hands of one, possibly privatised, agency. This agency then contracts with those private parties (derived from private law). Horizontal relations develop between public 'authorities' and private executors of clearly delineated functions and obligations. Old bureaux and public monopolists would lose their privileged status and compete on an equal footing with new entrants to the market, a phenomenon called 'level playing field'. These new entrants, by virtue of being 'market parties', would operate more efficiently and effectively and would also force the privatised ex-monopolist to change its outdated managerial ways.

To achieve this, a certain reconceptualisation of types of organisation could prove helpful. In fact, New Public Governance (NPM) recognises three types of actors:

- Principals (State, Government, Ministries) who establish the basic legal, institutional and/or regulatory framework.

- Agents (Executive or Purchasing Agencies and Regulators) that organise tendering procedures, allowing them to buy public services as good and as cheap as possible.
- Entrepreneurs (Corporations, either public or private) that provide the facility and therefore to do the actual work.

Thus far, the direction for reforming the provision of facilities for the public is rather straightforward. What would this mean more specifically to road management?

Getting to the heart of the matter, it would require allowing for the possibility of free contracting with any party capable and willing to offer road design, construction and/or maintenance services and inviting them for a free contest from which the best and cheapest would be chosen to deliver the services for a specified number of years. The actual situation in both Sweden and Finland in the beginning of the 1990s was the existence of a relatively small ministry providing central guidelines, a large public agency doing most of the maintenance, a small share of the construction and supervising all the design, construction and maintenance done by construction companies and other private parties. The part of the work done by the private sector was not contracted systematically in open tenders, however. Now, following the NPM recipe, the ministry should stay as it is and have legislation enacted to create an agency responsible for organising the tendering of bids and privatise or do away with the rest of the road authority, so that exclusively private parties could make their biddings. In addition, all design, construction and maintenance should therefore be out in the market with no restrictions. The predicted benefits of pushing through this reform would thus be: (1) full competition instead of public monopoly, (2) higher levels of innovation and (3) remarkable cost reductions through efficient delivery. All this begs the question what empirical evidence comes about when these NPM lessons are really taken to heart and diligently implemented. Below, the actual liberalisation process for road construction and maintenance in which the NPM ideas were tried is described. Though most of the story plays in Helsinki, it originated in Stockholm.

3. THE NORDIC MODEL OF ROAD MANAGEMENT REFORM

Any organisational follow-up to pleas for open tendering necessitates the creation of specific institutional conditions. This is exactly what Sweden and a few years later on Finland have done. The Nordic countries often have small ministries laying out the general policy framework and much larger executive agencies to do the more practical work. Design, construction and maintenance of roads had been the competence of one such big agency, the road administration, which managed most of the maintenance by itself and contracted with private parties about most of the design and construction activities.³ The private parties in Sweden are dominated by Swedish global players in the construction business such as *Skanska* and *NCC*, and in Finland by reasonably sizeable but still markedly smaller Finnish companies such as *YIT* and *Lemminkäinen* (Kokko, 1999). It was mostly the maintenance part in the

public hands of the respective road agencies in Sweden and Finland that was intended to be shaken up.

3.1 Devising the Nordic model in Stockholm

It was a severe economic recession hitting both Sweden and Finland that provided the impetus for the liberalisation process. This recession strengthened the position of the Ministry of Finance relative to the spending departments in both countries. A list of utility sectors due to be liberalised and/or privatised step by step was drawn up (MOTC, 2001). Following experiences in the United Kingdom from a distance, the Ministry of Trade and Commerce (responsible for transport matters in Sweden) and Transport and Communication somewhat later in Finland emphasised that cutting expenses by 20% was an achievable objective. Even though this figure was widely known among policy-makers, few if any of them actually knew the origin of this figure so influential in harnessing political support for the reform. It took the author a great many interviews before he could retrieve a respondent who named a report by Arthur Andersen consultants to Treasury Task Force of the British government. It claimed that after public procurement, road life cycle costs should decrease by a possible 17% (Arthur Andersen & LSE, 2000). This report, however, cannot have influenced the Swedish and Finnish liberalisation processes directly, because it was published only recently. Referring to it should rather be seen as post-hoc rationalisation and can only have been extra ammunition for proponents since its publication. Whatever may have been exactly the case, what was possible in the UK, should also be within reach in the Swedish context, and perhaps it could even be exceeded. Difference with regard to the market structure and institutional framework as well as fundamental differences in the approach were largely overlooked. At a later stage, the very same figure, 20%, would spread untainted to Helsinki.

The road maintenance market was gradually liberalised from 1992 on: each year a new set of regions was opened up to competition and four-year maintenance contracts were awarded to bidders offering the best combination of low price and high quality, at least on paper. The country was divided up into a great number of functional regions, each with a distinguishable network of road sections. The bid tendering process in Sweden was set up as a 'beauty contest', meaning that both price and quality points had an impact on the final score of the bid.⁴ A number of institutional choices were made that were alien to Britain that can be seen as typically Nordic and would reach the Finnish actors a few years later. Apart from cutting costs and promoting innovation, two other prominent Nordic values gave the Swedish model its particular flavour. These were to give the previous public monopolist a strong position in the market to rescue it from an otherwise probable downfall and to protect its employees against the vagaries of mass dismissal. Therefore, the liberalisation did not go hand in hand with simple privatisation of the road maintenance agency. *Vägverket* did not become a public limited company, but it still had to compete on an equal footing with private bidders despite its organisational and financial dependence on the state (*Vägverket*, 2001). In fact, the initial *Vägverket* reform plan had been to split up the company in an independent

authority responsible for the tendering process and a large road maintenance enterprise. However, political interventions led to a badly diluted compromise. The labour unions feared for their members' career perspectives and managed through their good connections with the social-democratic government to thwart this proposal and block any prospects of thorough reorganisation. Current legislation has it that *Vägverket*, though consisting of several semi-independent divisions, officially remains under one organisational roof and under public labour law: it is not allowed to dismiss its people unless absolutely no task can be found for them. Only when offered a job in another part of the country, the workers would have to accept it.

In the following years, *Vägverket* paid very dearly for this half-hearted legislation. Huge private consortia such as *Skanska* and *NCC* as well as small road maintenance companies, consisting of very small numbers of people, have exploited the administrative lack of clarity ruthlessly by accusing *Vägverket* of cross-subsidisation between its various divisions and lack of transparency and reliability in the tendering process. Though these allegations have never been proven correct, the accused was unable to defend itself because it had all the appearances against it. In truth, *Vägverket* lost all of its profits to the state, and was forced to strive for black numbers in each of the individual regions it serviced. By contrast, *Skanska* and *NCC*, whose turnover as multinationals was many times higher than *Vägverket*'s, were submitted to private law and could downsize their organisation with far fewer restrictions. They could also even out their profits between the various contract regions they had acquired in the bidding process if this was strategically handsome to increase their market share. Evidently, *Skanska* and *NCC* could cash in their own profits and even incur temporary losses in this specific business field if necessary to improve their strategic position or build up required levels of know how (excess profits in the offices and housing construction business would compensate for that). Since 1992, these companies have won an increasing number of financially attractive areas in Central and South Sweden, where the density of the road network offers serious economies of scale. By means of comparison, *Vägverket* booked losses in both 2000 and 2001 and their strong pleas to have an organisational separation of its road agency from the road enterprise accepted in legislation are not yet under serious consideration.

Practically speaking, some sort of duopoly (*NCC* and *Skanska* together against *Vägverket*) has evolved at a strategic level, because *NCC* and *Skanska* were prepared to pool specialised road maintenance facilities with each other and demand high prices for sand and gravel sold to *Vägverket*, which depends on these supplies. It is even claimed that if the one does a serious offer in one particular region, the other certainly does not and vice versa. Lately, stories of collusion and cartel-formation backed by forbidden written contracts have come out in the open (Dagens Industrie, 7 February 2002; *NCC* 2002). Though some cases of collusion have been proven, others have not, and unless some whistle-blower informs the authorities, the difference between facts and rumours is hard to draw in these situations. On the other hand, the private contractors lament the fact that when *Vägverket* calculates the costs for the construction of a new road funded in a PPP construction, false estimates of geological risks are established of which the costly consequences are pushed onto them (BKK, 1996). Here too, relations have been marred and the

watered down legislation has not achieved some of the intended objectives. The Swedish Road Enterprise has been financially weakened despite its still dominant market share, employees have not been fired, but families have been torn apart by forced removals and the trust in fair and open tendering has suffered.

3.2 Adjusting the Nordic model in Helsinki

The experiences in Sweden have been of decisive importance for the route chosen in Finland. Both the government and parliament adopted more of a wait-and-see attitude and by the time the idea of a possible road management liberalisation appeared on the political agenda in 1996, the Finnish actors were well informed, forewarned and armed. Both the labour unions and the employer's organisation reacted lukewarmly to energetic attempts by the Ministry of Transport and Communication to promote the reform. Furthermore, the private parties *YIT* and *Lemminkäinen* and the many very tiny subcontractors were even hostile (Teppo, 1998).

When in the end, the government definitively had the liberalisation legislation adopted, the Swedish experience was a source of both positive and negative inspiration. In accordance with the original Swedish initiative, it was decided to split up the former road agency into two separate organisations before the actual liberalisation became operational. *Finnra* was to become the new Finnish Road Administration (*Tiehallinto*) responsible for the open tendering procedure and other administrative duties, while the Finnish Road Enterprise (*Tieliikelaitos*) was installed as a public limited company taking care of the actual maintenance business and prepared to compete with the private parties. The opening up of the market, contrary to the Swedish situation, took place only from 2001 on in the form of signing three-year contracts.

The labour unions, affiliated with the social democratic party like in Sweden, succeeded in preventing any Road Enterprise employees from being dismissed, at least immediately. In fact, they were classified as 'Category B Workers' officially deemed superfluous, but having the advantage of being hired for special projects related to the environment or the construction of some road sections. Compared to *Vägverket*, *Tieliikelaitos* had the advantage of seeing these people funded by specially allocated public funds. It was only after a transition period of five years that private labour law would apply and by then these employees were expected to have found new jobs. A remarkable memorandum issued in combination with the official legislation, stated that these people were to be paid not from the budget of the Road Enterprise, but the public budget. Furthermore, it was ruled that certain bottleneck facilities needed for the service provision, such as maintenance equipment, gravel and sand pits and truck stations would be sold to the Road Enterprise 'at market prices'. An apparently reasonable proposal from the private parties to make the Road Administration the supervisor of the bottleneck facilities or to manage these essential facilities as common pool resources or to allocate the facilities to the highest bidder was to no avail. The tactical relevance of these donations should not be underestimated, since *YIT*, *Lemminkäinen* and others did not

have such machines at their disposal at that time. Worse, even if the Road Enterprise clearly did not need them, they would still not sell or let them to direct competitors. Some of the second hand equipment badly desired by *YIT* a few years ago is now in use in Estonia. Rumours have also spread that other machines that were denied to *YIT* were later on let to small subcontractors if they solemnly swore not to do business with any other company but the Finnish Road Enterprise. All in all, the Road Enterprise's dowry was far more attractive and impressive than *Vägverket's* and it offered a fairly good starting position for the road enterprise in the coming years. The sole clause to offer some consolation to the private actors was one in which the Road Enterprise submitted itself voluntarily to not treading the construction market still dominated by *YIT* and *Lemminkäinen*. Buying facilities required to enter that part of the market was supposed to be postponed until 2005, when all the conditions for full competition in the maintenance business were also to be fulfilled because all regions would have been granted to the best contractors. This, in a sense, was a non-intervention pact to divide the respective markets until that year. Just as in Sweden, the Road Enterprise was the only company obliged to offer in *all* the regions to prevent any of them from not being served. But, since prices were free and could be set as high as desired, this could hardly be seen as a disadvantage. The final aspect the private parties raised complaints about was the fact that although the Road Enterprise's bookkeeping was modelled after that in private companies, the state as its sole shareholder expected it to make annual profits of only 1%, whereas the usual percentage in the private sector was 3%.

In the year 2001, out of a possible 17 issued contracts, *Tieliikelaitos* has obtained 11 as a main contractor and *YIT* 4. The Swedish firm *Skanska*, that regularly buys up smaller local players in Finland and is keen to increase its market share also in Finland obtained one and a specialised small contractor won one. In the year 2002, out of a possible 26, *Tieliikelaitos* won 22, *YIT* 1, *NCC* 1 and two different small players one each. Other potential players, such as *Lemminkäinen*, have decided not to enter this new Finnish market thus far. The Road Enterprise's goal to confirm its strong historical tradition in the business by showing superior quality and a market share of 70-80% has been reached, though of course only future developments can tell if this will continue to be the case and if the planned expansion to the construction business will be a success. Privatisation of the company, as desired by some, would take things yet another step further, but the political decision on this topic in fact is of secondary importance when it comes to the firm's continuity.

4. BRINGING THE NORDIC MODEL TO PERFECTION WITH NEW ZEALAND'S HELP?

The Swedish road administration has consistently tried to develop an image of an impartial contracting agency, but largely to no avail. Even when trying as much as possible to take an independent stance towards *Vägverket Produktion*, actors in the outside world who lack belief in really open and fair contract bidding or benefit from incriminating it have reasons to keep *Vägverket* as a whole in a vulnerable position. Its efforts to discredit its competitors by claiming that environmental

quality or safety would be endangered with road maintenance in their hands also met with little success. Complaints that only the old technicians employed by *Vägverket* work with their hearts, while the others just go down the list of things to be done (spreading enormous amounts of salt just once instead of saving ground water by doing this several times in smaller portions, or failing to remove trees and branches from road sections before the frost sets in because it is time-consuming) also proved mostly unjustified. Consecutive reports did show that service quality had declined slightly since liberalisation had set in, but this was at least as much the case with the public provider as with the private ones. They also showed that costs had gone down by approximately 20% as predicted. But that was as far as things went compared to the initial intentions. The implementation of the Swedish model of road management liberalisation had been aborted in Sweden itself.

4.1 The Road Administration's improving profile

That very same figure of around 20% savings on the public purse was also more or less achieved in Finland, already in 2001, the very first year the open bidding was organised. Yet, developments there went much further as a result of the Road Administration's newly acquired independence. Even though *Tichallinto* and *Tieliikelaitos* are still located in the same building in Pasila, in the outskirts of Helsinki, the doors between the two wings where these organisations reside are locked hermetically and any transgression of this symbolic forbidden line causes an alarm bell to ring. One could even say that the Road Administration, in order to strengthen its own image, purposively takes a more distant stance towards other parties to ward off lobbies and instead fosters reliance on performance indicators and management by objectives (MOTC, 1998; Parantainen, 1998).

The Road Administration has also used this momentum to devise an interactive tendering procedure and set of public guidelines for the evaluation in collaboration with involved parties. Consultants as well as future contractors and public servants have participated in this process. Its results have been made public to allow each potential bidder to keep abreast of the criteria on the basis of which proposals are evaluated. During the actual evaluation of the bids, not the Road Administration itself, but independent experts from the region carry out the evaluations on the Road Administration's behalf. The distant and impartial attitude of a regulator that judges bids solely on economic merits or one that grounds its judgement on opinions expressed by consumer panels as is suggested for the future only could add to that reputation.

This is not to imply that *Tichallinto* has been capable of ridding *Tieliikelaitos* influence from each element of its work. For example, each bid is evaluated on the basis of price (75%) and quality points (25%). Of this latter part, the main components are (1) reputation and qualities of the bidding organisation, (2) quality of the maintenance plan and (3) quality certificates with regard to safety, the environment and other aspects. By force, both the reputation of the organisation in the field with regard to (1), the availability of relevant equipment with regard to (2) and to a lesser extent the possession of certain ISO certificates in (3) are a boost for

the Road Enterprise's score. On the other hand, *YIT* also has a number of ISO certificates making it sometimes a serious candidate.

Generally speaking, prices in Finland have gone down and the price levels offered by the various players are growing increasingly similar. It is questionable, however, whether this down-sloping curve is bound to continue. Profit percentages are currently exceedingly low (*YIT*, for instance, admits it is striving to break even and hopes to obtain positive financial results only in a couple of years) and one cannot expect shareholders to accept this situation for many years in a row.

4.2 The Road Administration's new hunt for best practices worldwide

It is now widely recognised among the Finnish policy makers that Sweden as a source of inspiration has become of decreasing relevance. This has made the urge to find new fonts of inspiration far from irrelevant. Various options for the future have been explored, mostly recent developments observed in Anglo Saxon countries (New Zealand, Australia, Canada and the United States), which the Finns learn through international organisations, business visits to other countries or people from these countries paying a visit to Helsinki for a presentation. The Ministry of Transport and Communication, which was responsible for pushing forward the whole set of liberalisations of the Finnish utilities since the 1990s (MOTC, 2001), is satisfied with the budget cuts that the road management reform has made possible thus far, but admits that they cannot be taken for granted in the future also and is even concerned about innovation levels in the road sector in general. Furthermore, though it is impossible to privatise *Tielukelaitos* until the end of the five-year political agreement reached in parliament, after that this issue is certainly not off the agenda. The Road Administration, which as said is enjoined with the actual implementation of the Ministry's ideas, by and large has the same topics on its research and policy agendas. Especially the dearth of technological or other innovation in the (road) construction business is a reason for concern. Moreover, it is feared that with the short contract periods and the small regions allotted to the contract partners now in vogue in Sweden and Finland, any possible progress in this field will be hampered only more. The less secure contractors are about the duration of their contracts and the smaller the size of the area they service, the smaller the slice they can apportion their knowledge investments over and the less incentives they have to innovate. In other words, far from pushing the logic (or rhetoric, depending on one's taste) of orthodox micro-economics to its ultimate consequences, a situation of oligopoly is observed, in an empirical as well as in a normative sense (De Jong & Aijö, 2001).

The above implies that the Road Administration is seriously considering increasing the size of the regions to be serviced and reducing their number from about one hundred to only a few dozen or even less. Though lesson-drawing from other countries in order to learn from their experience is tempting here, Finland has a specific geographical structure that makes many comparisons rather deceptive. Determining the most desirable size is therefore something where advice from other countries can be of little help. It is rather the domestic arena that comes into play

here, because many of the small-scale companies usually hired as subcontractors object to this potential development for fear of losing their independence. They do not have the necessary capital and equipment for such large scale operations and this is a reason for SME, the representative of the Finnish small and medium enterprises, to style the road management liberalisation as a sham.

Lesson-drawing from Anglo Saxon countries is much more feasible when it comes to establishing the length of the contract period. After adopting the Swedish model as the initial makers intended, only more eclectic borrowing from various other sources is feasible. Finnish policy-makers are acquainted with the six-step model of liberalisation and privatisation of the public utilities as sketched by its proponents at the World Bank (see Table 2).

Table 2: Phases in road management reform

Phase 0: Public Works all in Bureaucracy (Agency and Production together)
Phase 1: Identify Client (Administration) and Producer (Deliverer)
Phase 2: Separate Client and Producer
Phase 3: Corporatise Producer and establish Road Fund
Phase 4: Privatised Producer
Phase 5: Corporatise Client
Phase 6: Privatised Client

NB: Each phase has a decreasing level of government involvement Source: Teppo, 1999, Pakkala 2002)

It suggests that the one step logically follows the other. Considering the fact that Finnish policy-makers are now somewhere halfway (phase 3), they seem bound to get inspiration from those countries in the picture that have already evolved further in this schema.

More specifically, people working for the Road Administration follow with interest examples from Great Britain where integrated Design Build Finance Operate (DBFO) contracts have been signed for 30 years as well as their successes and failures of Public Private Partnership. So far, the integration of design, construction and maintenance in 'roading' had been out of the question, yes, even prevented by an informal rule pushed forward by SME cutting the link between these activities to strengthen competition and protect the position of the smaller companies. Economies of scale are enjoying a growing interest among *Tichallinto*'s employees. Foreign speakers and researchers are also regularly invited for talks. In the Summer of 2001, Finnish policy-makers listen with great interest to Mr R.J. Dunlop, General Manager of Transit New Zealand, on how prolonging the contract period from 3 to 10 years leads to an additional cost reduction of 20% after the one already incurred beyond the reduction following immediate liberalisation of a decade previous. New Zealand and Australia are widely seen as most advanced in the implementation of NPM recipes and welcome sources of inspiration and experience.

In the end, it is up to the Finnish policy-makers if they follow Mr Dunlop's 'Alice in Wonderland' stories (words used literally by the speaker). In addition, they take to heart his commenting on the British policies and the fact that 30 year contracts are really too long because public authorities should never give up their

decision rights till so far in the future. Last but not least, they become acquainted with the choice made by New Zealand's recently elected Labour government not to privatise the regulator, which bars the taking of the ineluctable sixth and final step in the schema.

With the political tide in New Zealand turning, laggard countries that have remained more cautious in the face of imminent privatisation of all constituent elements of the utilities may regain at least some of their self-confidence. After all, the future of policy making in all countries is not an inevitable line towards ultimate convergence. Policy-makers in Finland seem to be timely in coming to that conclusion, despite seductive schemas that implicitly convict country policies to being ahead or behind as compared to others. The institutional advantage of an agency independent from service provision has been realised, however, and is highly unlikely to be undone in the future.

5. STRATEGIC ACTORS STANDING ON FOREIGN SHOULDERS

5.1 *The Theory and Practice of New Public Management*

Implementation of NPM's recipes turns out to be no *sinecure*, but it is a process in which drawing lessons from foreign examples and finding one's own solutions are clearly helpful. As to the desire to implement the NPM recipe, there can be no doubt:

In the Client-Producer concept the client function is the key role of the agency organization (Ministry, separate agency or municipal organization). The role of the client is: to plan, to set specifications and standards, to provide and allocate budget funds, to arrange and award contracts and to make the payments to the producer. In this role, the client has to encourage and promote competition and create prerequisites for a functioning market situation (Teppo 1999, p.2).

Ironically, the political and bureaucratic struggles, which Lane predicted would vanish if contracts through private law were introduced to the heart of the public sector, stayed as strong as ever. In fact, strategic games between actors have perhaps even intensified due to the turmoil of the reform; only the institutional setting in which they are fought and the relative positions of each of the actors have changed.

It has been comparatively easy to commercialise or privatise activities in an already competitive sector of the market. The creation of competition and the development of competitive conditions has been a more demanding undertaking. On the other hand, corporatisation of state activities, which are essentially a monopoly should be retained in state ownership, at least until adequate competition is available. Private monopoly is even worse than state monopoly (Teppo, 1999, p.2).

Though possibly the emphasis on getting the job done may have come more to the fore, the question on what constitutes a qualitatively 'good service' and how this can be settled and monitored is more politicised than ever. It must be added that the predicted reduction in price levels has indeed come about, but its sustainability will be an issue of the future that heavily depends on the generation of future innovation. Innovation in this business, however, is now believed to work at cross-purposes with

full competition due to scale issues and contract security. Actual empirical experience at home as well as in foreign countries has led the pragmatic Finnish policy-makers to conclude that due to the market constellation perfect competition will never be realised. In fact, either market leadership or some form of oligopoly is developing and the specific form it gets depends heavily on the strategic anticipation and reaction of each of the actors affected by the liberalisation and the institutions, regulations and contracts appearing from this struggle. It appears that apart from the small subcontractors few organisations really deplore the course events have taken. If innovation requires bigger market parties enjoying some contract security and combining their research and development efforts, manageable oligopoly is now even considered desirable. This is unmistakably a far cry from Lane's admonition to always keep contract terms very short, competition fierce and prices durably low. On the other hand, integration of allocation and regulation in the hands of a single organisation, being the Finnish Road Administration here, has been accomplished and appears to be of decisive importance. It is of inestimable institutional importance to have a strong and independent competition *and* quality watchdog for the road maintenance sector. This is fundamentally where Sweden and Finland parted company and it is much more an issue of safeguarding the public interest in the long run by supervising and influencing market developments as it is of narrow efficiency. It is precisely the Road Administration's newly acquired independence and increased administrative status and proficiency that have provided it with the credibility to weigh off cost aspects against aspects of innovation and market structure. It may have been here that the Finnish learning from the initial Swedish model has allowed the essential positive elements of New Public Management to be realised while avoiding the more dubitable and unachievable ones coloured by NPM's clearly ideological overtones. In spite of the academic status of fundamental micro-economics, a practical follow-up of the theoretical assumptions that markets are perfect and that private firms do not suffer from harmful politicking has been countered by practical lesson-drawing, an appetite for institutional clarity and an incremental dealing with strategic behaviour shown by the various participants.

5.2 Strategic Actor Behaviour and Eclectic Learning

It appears that actors do not accept legislative proposals passively, but anticipate and react to each other's moves. As has been observed in the implementation trajectory of road management liberalisation, actors (1) attempt to influence the institutional conditions for the liberalisation process, (2) aim to monopolise essential assets or 'bottleneck facilities' needed for providing the service, (3) incriminate rivals by questioning their reliability or service quality or (4) line up with potential competitors in alliances while escaping the anti-collusion rules. In that sense, a qualitative interpretation of game theory (Duke, 1984; Dixit & Nalebuff, 1991; Scharpf, 1997) or oligopoly theory (Fellner, 1949; Shepherd, 1985; Friedman, 1983) can lead to a greater source of understanding of the implementation of public policies.

It should be noted, however, that some choices with regard to the institutional framework are irreversible. The compromising process in Sweden, which made liberalisation *precede* separation of the former road authority into an administration and an enterprise has already had important path-dependent consequences. It has definitively weakened both the road enterprise and the road administration. The Finnish actors have had the unfathomable advantage of standing on somebody else's shoulders and they have grasped this opportunity to the full. They have not only anticipated and reacted strategically to policy interventions from government, parliament, the labour unions and each other, they have also glanced the evolution of the liberalisation process in Sweden and elsewhere, such as in New Zealand more recently. They have promoted and pushed forward the elements they appreciated and warded off the less appealing ones. The results can never be perfect for all involved actors: the sum of individual (bounded) rationality rarely adds up to collective rationality. As a matter of fact, most repudiate the near-monopoly and privileges the new public Road Enterprise has obtained. However, bringing one's model to perfection is a continuous process and implies that one never reaches any 'final stage': eclectic learning from 'best practices' around the world while maintaining a critical attitude and moulding lessons and examples in one's own manner will always remain important.

NOTES

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² Introduction of policy very similar but not identical to the one in Sweden was enacted in Norway in the year 2002.

³ The share of private involvement in Finland has increased in maintenance (where it was incidental) as well as construction (where it was already much more than half) due to its growing capacity problems in the bosom of the Finnish Road Administration (Teppo, 1998). The situation in Sweden was likewise.

⁴ In the literature on open tendering, beauty contests are characterised by the explicit attention paid to minimum service quality requirements and company solvability. This also implies that participation is not open to all. In contrast, auctions are open to all and there, only the pecuniary element matters (Van Twist & Veeneman, 1999).

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THE MERITS OF KEEPING COOL WHILE HEARING THE SIREN CALLS

*An account of the preparation and establishment of the Flemish spatial
planning system*

1. INTRODUCTION¹

The institutional transformation that the linguistically divided state of Belgium has gone through in the past few decades has perhaps been soundless. However, this has not made its consequences any less fundamental (Von Busekist, 1998; Leton, & Miroir, 1999; Delwit, De Waele, & Magnette, 1999). Various, but mostly language-related, matters have pushed the formerly unitary state of Belgium into a series of constitutional reforms that have divided up the country into several largely independent parts. Place-tied administrative matters have been devolved to the regions of Flanders, Brussels and Wallonia, whereas person-related matters appear on the tables of the Dutch-speaking, French-speaking and German-speaking communities. As a result of this division of competencies, the territories of federal entities are overlapping. The territory of the French-speaking community includes the territories of the Walloon and Brussels region. The territories of the Flemish and Brussels regions are within the realm of the Dutch speaking community. The German speaking community covers a few districts in the east of Wallonia. In Brussels, individuals are free to decide if their interests are taken care of by the French or the Flemish community or if they vote for the French or the Flemish electoral college. To complicate matters even further, the political and administrative institutions of the Dutch speaking community and the Flemish region have been integrated into one. As a result, there is only one Flemish parliament (in Brussels). The set of tasks that have remained with the federal government is fairly small in comparison with nearly all its neighbouring states, especially France, the Netherlands and Britain, but also to its federal neighbour Germany. Foreign policy officially is still a national competency, but the Flemish region has recently opened its own diplomatic offices in The Hague and Paris, something German states are not very likely to do. Furthermore, the Belgian regions and communities have 'treaty-making capacity' with respect to the issues for which they are exclusively responsible. This means that they can sign treaties without interference of the Belgian state. For example, German states always have to acquire approval of the federal state. When fulfilling their occasional duty as half-yearly presidents of the European Council and the representation in the council of ministers, Flemish and

French-speaking representatives regularly alternate roles to the disbelief of a great many other European leaders. Finally, the federal role in the levying and redistribution of income taxes, almost a hallmark of the existence of a national state, is not undisputed, especially in Flanders. Politicians and civil servants in various policy domains are growing less and less familiar with the contents and developments of policies in the other regions and discover, sometimes to their own surprise, that the different entities are drifting further and further apart. They occasionally regret that each of them is going their separate ways, but the new realities are hard to ignore. Legislation painfully brokered between political parties at the national level have led to empowered authorities at the regional level.

One of the tasks transferred to the regional level is spatial planning (Albrechts, 1999; De Vries, 2002). As this clearly concerns a place-based issue, it is a regional competency. Flanders, Brussels and Wallonia that have obtained the opportunity to establish their own independent legal frameworks. In 1997, the Flemish government adopted an initial Planning Decree² and a Spatial Structure Plan for Flanders (MVG 1997). In 1999, a second Decree on Spatial Planning was adopted in which the original 1962 Belgian legislation on spatial planning was overhauled and reformed. In this chapter, the genesis, evolution and adoption of both the decree and the structure plan will be narrated. As a case of institutional transplantation, it shows resemblance with the selectiveness exerted by the actors in the Finnish case (discussed in the previous chapter). Yet, the level of self-awareness, eclecticism and independence the Flemish planning community practices is even higher. This can be best clarified by distinguishing between various types of lesson-drawing described in Rose (1993). He discerns the following ways of drawing lessons from other countries:

- Copying the exact policy institutions and/or programmes from a foreign model
- Copying the basic tenets of one foreign model, but adapting it to the domestic context
- Making a hybrid between two different foreign models
- Making syntheses and combinations from three or more foreign models
- Just being inspired by lessons drawn from elsewhere

In most of the preceding case studies in this book, the transplants belong to the first or second category. However, the case report in this chapter bears more resemblance to the fourth or even fifth type of lesson-drawing, which are examples of multilateral learning.

All of Belgium's neighbours, the Netherlands, Germany, France and Britain had and have fairly advanced and internationally renowned planning systems, making Belgian practice the *visce* of Northern Europe (Terhorst & Van de Ven, 1997). In the mid-1980s, some Flemish planners strongly felt the embarrassment of being at a disadvantage during their preparation of the First Benelux Structural Outline (1986). The newly acquired Flemish autonomy in spatial matters finally allowed them once and for all to do away with the ineffective Belgian legalistic cum non-compliance approach and adopt the models applied by one of its neighbours. Though all four

foreign models seem equally respectable templates to emulate, outside observers would perhaps expect one of them to stand out: the Netherlands for Flanders, just as one would expect Wallonia to turn to France. One would expect a common language to feed political and institutional affinity, as well as awareness on both sides of developments taking place on the other side of the border. Moreover, the provinces of the Netherlands had been united until 1648, after which they were divided in the Northern Netherlands and the Southern Netherlands (Geyl, 1932; Blom & Lamberts, 1999). In practice, however, the affinity between Flanders and the Netherlands appears much more muted and ambivalent than the one between Wallonia and France (Verrelst, 1992; De la Guérivière, 1994). All together, Flanders has a stronger regional identity than Wallonia, which is experienced by many as an artificial leftover of the territorial brake up of the Belgian state (Van Dam, 1996).

The Flemish and the Dutch have had very different histories since their separation. Even though the Northern Netherlanders were comparatively underdeveloped at the time of their separation, they grew out to be an adventurous, wealthy and confident 'Dutch Republic' in the rest of the 17th and 18th centuries (Israel, 1995). The fate of the Southern Netherlands was that due to many foreign oppressors in a row, it went from being one of the leading territories in Europe into a steep decline. The thriving medieval Flemish cities would only recover from this in the 20th century. An enormous brain-drain of traders and intellectuals from Antwerp to Amsterdam had also taken place after it had become clear that the Southern Netherlands would definitively fall under Spanish sway. Apart from differences that may already have existed between Flanders and the Netherlands prior to the historical separation, these separate paths have left profound extra marks. Both Dutch authors (Eppink, 1998) and Flemish authors (Van Istendael, 1989; De Foer, 2001) recognise considerable differences. To outline the position of Flanders among its neighbours and to explain the Flemish planners' selective lesson-drawing, we will identify the main geographical and cultural characteristics of Flanders vis-à-vis its neighbours in section 3. To reach that aim, section 2 will describe Belgium's transition from being a unitary to a federal state, specifically with regard to institutional positions and practices in the field of spatial planning. Having clarified the institutional position Flemish planners were faced with in the 1980s and 1990s, their geographical and cultural starting position is given and compared with the situation of its surrounding states in section 3. Section 4 will then give an account of the evolution and adoption of the Flemish structure plan and decree, after which the different foreign sources that were fed into them are analysed in section 5. Finally, some lessons are drawn from the eclectic way in which the Flemish have drawn their lessons.

2. FEDERALISATION À LA BELGE

2.1 *From Belgium to Flanders*

The Belgian state, which was established in 1830, had never developed into an undisputed nation state (Delwaide, 1996, p. 53). The existence of different language communities has always been a source of tension. It was only in the second half of the 20th century that the language community issue acquired a clear territorial dimension. In 1962, a language border was defined, dividing the country officially into a Dutch and a French speaking part. Brussels became officially bilingual. Before the creation of the language border, the struggle between Dutch and French speakers focused on personal rights, such as the right to use the Dutch language in court. While the majority of French speakers lived in the southern half of the country – present day Wallonia – a considerable part of the local elite in the northern half of Belgium – present day Flanders – was also French speaking. To complicate matters even further, the French speaking Belgian national elite – who lived in Brussels – did not feel any cultural affinity with the other French speakers in Wallonia. In the words of Van Dam (1996, p. 14), this elite considered Wallonia a colony from which they could withdraw useful resources.

Before the Second World War Flanders was economically and culturally lagging behind Brussels and Wallonia. After the Second World War, Flanders gradually became economically more successful than Wallonia. As the first region on the European continent to go through the industrial revolution, Wallonia experienced the decline of the industrial sector from the 1960s onwards. Flanders on the other hand, with its large service and international trade sectors, benefited from the changes in the international economy that took place over the last decades of the twentieth century. Also culturally, the emancipation of Dutch speakers really took shape in the Post war period. It was only in 1932 that the University of Ghent became the first university in Flanders with Dutch as its official language.

These precarious relationships between the different social groupings in Belgium would inevitably lead to a new state structure. National policy arrangements had been centred too heavily on mediating the polarisation between the different socio-linguistic groups and the administration was less and less effective in reaching other pressing welfare state matters. It is well exemplified by the so-called 'waffle iron politics'. This 'policy' meant that expenditures from which one language group benefited – for example a hospital in Wallonia – should be matched by the same amount of spending for the other group. Large sums of money were spent without a clear sense of purpose. This resulted in all kinds of useless public works, such as bridges that anticipated roads that were never built (De Coninck, 1993).

Apart from the local level, the 1962 planning system consisted of three planning levels. These levels were the sub-regional plans (*gewestplannen*), the regional plans (*streekplannen*) and the national plan. But only the sub-regional plans have ever been put in practice. For the regional level, preliminary studies were conducted, but

the regional plans were never produced, whereas the national plan never even entered the preparation phase. The relationship between the language groups was an integral part and parcel of this process (Albrechts, 1980). In particular, the spatial development of the Brussels region caused unbridgeable differences of opinion. After the federalisation, the spatial development of this metropolitan region is still a problem.

2.2 From a Belgian to a Flemish planning system

The transformation of Belgium into a federal state has evolved gradually. The first step was taken in 1970 and – for the time being – the final stage was concluded in 1992. The complex relationships between the different language groups – there is a small German speaking community in the border region – and the territorial complexity as a result of the bilingual region of Brussels, asked for a tailor made federation. While the process of transforming a unitary state into a federation is not a regular event, let alone one corresponding with the Belgian situation, the Belgians were not in the position to copy models from elsewhere.

Since 1980 spatial planning is the exclusive competence of the regions (Flanders, Wallonia and Brussels). The Flemish government resides in Brussels, which is the capital of Flanders. An interesting detail in this respect is that the Flemish government has no competency in spatial planning in that city; Brussels is an administrative island surrounded by the Flemish region. While the Flemish competency for planning exists as of 1980, it took until 1997 to get the Flemish parliament to approve a regional planning law (decree) and the Spatial Structure Plan for Flanders. An important reason for this long time span, is the often fierce public resistance against governmental interference in land use. At any rate, it was not for lack of initiative on the part of the small community of Flemish planners. The Flemish planners operated as true activists to motivate the new regional administration to overhaul the old ineffective Belgian planning system.

One of the explanations for the characteristics and effectiveness of the 1962 Belgian planning system, which was in use in Flanders until 1997, is the limited influence planners and urban designers have had on it. The design of the planning system had been mostly the work of legal theorists with little sense of spatial patterns or problems of enforcement. Planners in some other countries had developed ideas on pro-active developmental planning, in which policy instruments are used to realise spatial objectives. The Belgian planning system was still unduly restricted to 'admission planning', focusing just on zoning plans and inhibiting certain activities. Flemish planners had been collectively discredited after World War II, accused of continuing government planning during the Second World War and therefore collaboration with the occupying force (Janssens, 1985). In stark contrast, in the Netherlands the planners had maintained their positions after the war and had continued to exert their (great) influence in the public debate and in the planning legislation. In addition, the economic, socio-cultural and spatial planning institutions enacted during the war continue to exist up to the present times albeit under different names (Faludi & Van der Valk, 1994). Flanders had to wait until the

1970s before a new generation of spatial planners came into the scene. This generation could rightfully be called the 'structure planners movement', as many of them wanted to do away with traditional zoning without proper enforcement. To put it differently, the new generation was striving to replace 'admission planning' with 'developmental planning'.

3. GEOGRAPHY AND CULTURE OF FLANDERS

Before we turn to the process of establishing the Structure Plan for Flanders and the Flemish planning act, the cultural and geographical context of planning is brought to the fore. The argument that is pursued in this section is that Flanders is in many ways remarkably distinct from other western countries. This has helped to avoid the mistakes of non-judgemental copying from others. The first area of characteristics that is important with respect to the transferability of planning approaches is geography. Geographical characteristics play an important role in giving meaning to planning as an activity. Second, the definition of social problems with which planning should deal, is also culturally determined. Using Hofstede's (1980, 1991) definition of culture, we define culture as the fundamental shared values that structure people's attitudes. These values influence what is seen as a social problem (as opposed to an individual problem) as well as the way these problems should be tackled.

3.1 Geography: a crowded polycentric region

Belgium is one of the most densely populated countries in the European Union. Within Belgium, Flanders (5.9 million inhabitants) has a much higher population density than Wallonia (3.3 million). They have 436 inhabitants per square km and 197 respectively (European Commission, 1999). Nature in Flanders is relatively sparse. It is also the area with the smallest amount of woodland in all of Europe. Otherwise, though agriculture is still an important counterweight against urbanisation, most of the region is heavily industrialised, a geographic characteristic it shares with its Northern neighbour, the Netherlands.

A geographical characteristic of Flanders that stands out is the amount of urbanised land. The most important reason for this is the dispersal of housing in Flanders. A case in point is the plot size of new houses in Flanders as compared to the Netherlands. In Flanders, new plots are 1350 square metres on average (Van den Broeck, 2001). In the Netherlands this is not more than approximately 300 square metres. While both governments aspire to concentrate new housing by differing between green open areas and urban areas, there is a big difference in the concrete policy aims. Flemish policy aims to realise 15 to 25 houses per hectare (Borret & Jacobs, 1999), while in the Netherlands this figure is 30 to 35 houses per hectare.

The historically evolved difference in land use patterns is related to the composition of the soil. Building in Flanders can take place without extensive and costly preparations of the soil, which are required in large parts of the Netherlands. The Dutch population grew from approximately 9 million in 1945 to 16 million in

2000. The Belgian authorities did not have to deal with such growth. The Belgian population increased in the same period from about 9 million in 1945 to 10 million in 2000. In addition, a culture of free and spacious living has been a major driving force behind the settlement patterns. Each Belgian is said to be born with a 'brick in his stomach'.

Flanders has some important geographical characteristics in common with the Netherlands and North-Rhine Westphalia, making it distinct from Britain and France. Flanders is characterised by polycentric urban development. This polycentric urban pattern consists of middle-sized cities at a relatively short distance from each other. While in many ways drawing up a hierarchy between cities is possible, truly large and dominant metropolises never developed. While Brussels possibly forms an exception, its role and function vis-à-vis Flanders is specific but not as dominant as Paris in France or London in England. Second, while there is no dominant metropolis, there is a dominant urban region. This core area in Flanders has been recently dubbed the Flemish Diamond (Albrechts, 2001a). Flanders shares this characteristic also with the Netherlands and North-Rhine Westphalia, with the Randstad and the Rhine-Ruhr area, respectively. Being located at the shores of the North Sea right in the heartland – economic as well as demographic – of the European Union, makes Flanders an important node in global and European flows of goods. This is of course demonstrated by the fact that Antwerp is the second largest European port, with Rotterdam in the Netherlands the largest. Maintaining this role of important logistic node implies the development of infrastructure, which in both densely populated areas is no sinecure (Witlox, 2000).

3.2 Culture

Hofstede's (1980, 1991) research is widely used to understand cross-national cultural differences, but is also believed to have an impact on politics and policy styles. While the original research does not make reference to the regions within Belgium, subsequent research has indicated that Flanders is culturally more similar to Wallonia than it is to the Netherlands (Gerritsen, 2001). Hofstede's research uses five dimensions reflecting fundamental values scores on which vary across cultures. Three of those values show remarkable differences between Flemish culture as compared to the cultures of its neighbouring countries.

The first value is the way people deal with hierarchy (power distance). In Flanders hierarchical differences are accepted more easily and naturally than in the Netherlands, Germany and Great-Britain. Only in France does a similar respectful attitude towards hierarchy also exist. High power distance cultures generally also allow highly placed individuals, such as politicians, to bend the rules. This can certainly be observed in Flanders (De Vries & Van den Broeck, 1997; Albrechts, 2001b).

The second value which can be singled out, is the degree of competitiveness or masculinity, using Hofstede's terminology. It places Flanders between Britain and Germany (which have high scores) on the one hand and France (slightly lower than Flanders) and the Netherlands (extremely low) on the other. The degree of

competitiveness in a culture is reflected in political priorities. High competitiveness implies strong support for economic performance and achievement and tough negotiating styles. Its attention for egalitarian policies, social redistribution and the protection of weak spatial functions is generally more limited. In day-to-day interaction, this dimension is often reflected the way actors approach each other. Low scores go together with consensus building strategies, while high scores with tough negotiations. In that sense, consensus in Belgium is more often the result of tough bargaining eventually leading to a compromise, while the Dutch seem to be settling for consensus right from the beginning.

Hofstede's third dimension that could account for some differences between Flanders and its neighbours is uncertainty avoidance. Cultures with high scores on uncertainty avoidance are characterised by a large amount of strict rules. It should be noted that this desire for rules, does not mean these rules are complied with in practice. Scores on uncertainty avoidance seem to be reflected in the dominant planning approach in a country. In countries with a culture characterised by a high degree of uncertainty avoidance, plans will be more precise in the definition of what is allowed and what is not. Strict zoning plans fit this culture. This resembles what Faludi (1987, p. 186) has dubbed the 'imperative theory of zoning' underlying planning practice in certain countries. This theory "requires the principles on which decisions interfering with individuals are based to be enunciated well beforehand". Countries that score low on uncertainty avoidance allow for more indicative and flexible kind of plans. In this 'indicative theory of zoning' "zoning then merely expresses guidelines which the environmental authority gives to itself – for its own convenience so to speak – and from which it is at liberty to depart". Belgium and Flanders score very high on uncertainty avoidance. The Belgian planning system, the 1962 Planning Act, which in Flanders has recently been replaced by a regional planning system, was a clear expression of the imperative theory of zoning. British culture scores very low on uncertainty avoidance. British planning puts the indicative theory of zoning in practice. British structure plans 'only make broad diagrammatic proposals for land use. One is not supposed to be able to see from the structure plan what is the intended use of any specific plot of land' (Reade, 1987, p. 13). Dutch planning combines aspects of both theories. With respect to uncertainty avoidance, the Netherlands and Germany have a score somewhere between Flanders and France on the one hand and England on the other.

A dimension of the political and administrative culture, which can be added to Hofstede's description of national cultures, is trust in government as the guardian of the public interest. In Flanders this trust has been traditionally low, aptly described by Van Dam (1996) as a 'non state centred mentality'. This is often explained as the result of century long foreign occupation of Flanders by foreign powers. With respect to social problems the Flemish consider their government not more than an unavoidable nuisance, while the Dutch demand active intervention on part of their government to actively combat social problems. The Flemish government is widely expected to be able to wield more credibility than Belgian central governments in the past.

4. THE EVOLUTION OF THE FLEMISH STRUCTURE PLAN AND THE DECREE ON SPATIAL PLANNING

4.1 The gestation and maturation of a discourse on structure planning in the 1980s.

The foundation of the Flemish Region and the adjudication of that region's competency for place-related matters (1980) was a necessary condition for an independent spatial policy in Flanders, but certainly not a sufficient one. The group of people engaged with planning issues in the end of the 1970s and beginning of the 1980s was comparatively small and dispersed across numerous organisations. It was striking, however, that engineers with an active academic interest, architects and social scientists, increasingly knew where to find each other and to get an inspiring debate on new spatial planning off the ground. Initially, this discourse was in its infancy and the gap between theory and practice was wide. However, from the mid 1980s on, the debate intensified. Even though some research was commissioned by public authorities and a Flemish planning system was announced in every new coalition agreement, the political and public interest was very limited. Some participants developed maps of the Flemish territory, demonstrating its high level of geographical deconcentration. Meanwhile, urban designers in medium-sized towns and consultants acquired professional experience and gathered urbanistic inspiration. Still others pursued academic careers and studied Anglo-Saxon approaches to planning theory (incrementalism, structure planning, advocacy planning, and transactive planning), which they laid out in academic papers and reports on the process of planning. In the 1980s, study reports and maps very much had the nature of inventories and initial studies: they sometimes even contradicted each other or were still too theoretical to be of political or administrative appeal.

The overall visibility of this group was low, if indeed one could call them a 'group' at all. They met in organisations such as the Royal Association of Flemish Engineers and the Flemish Association for Spatial Planners, but some key people were member of neither. A momentum for a Decree on Spatial Planning seemed to have arisen in 1985 when representatives of the Christian-Democratic and Social-Democratic parties made proposals for what such a decree should look like (the Liberals did not). These had some support from the Minister of spatial planning, Akkermans. Yet the ideas for a 'maxi-decree' proved too vague and too ambitious, leading just a 'mini-decree' to be endorsed, which actually made the settlement of companies in sensitive areas only easier.

In 1989, some people of the planning community had been asked to produce a letter of intent and a map, but the timing was poor. It was only a short while before the cabinet fell. Here too, the gap between reports on process planning and map loomed large. In retrospect, one could say the growing planning community had been doing preliminary work, ideas were gradually maturing and the social networks were expanding.

4.2 The adoption of a structure plan and a decree on spatial planning in the 1990s

The maturation of the ideas and the building of a network of spatial planners, in academia, in various associations, among practitioners at the various governmental tiers and in the political scene, took roughly fifteen years. In the beginning of the 1990s, the climate for government intervention in spatial planning become more propitious. Public uproar arose on companies settling at locations considered inappropriate for their activities, making excesses due to the absence of a planning system come out to the open. As a result, even the Flemish employers' association temporarily supported intervention on spontaneous spatial development. The influence of the environmental movement was also expanding (even though planners found their sensitivity planning concepts rather limited), and the Flemish people in general were eager to strengthen their identity through laying out independent spatial planning as yet another element characteristic of 'nation building'. It was in this climate that Minister Theo Kelchtermans asked professors Louis Albrechts of the Catholic University of Leuven and Charles Vermeersch of the National University of Ghent to devise a planning system and a spatial structure plan. The series of studies appearing from this were endowed with the unprecedented grant of 50 million Belgian francs (1.25 million Euro). Looking at this with the benefit of hindsight, the intersection of these factors at that stage can be described as a typical 'policy window' (Kingdon, 1984).³

The circumstances were too beautiful to be left unused. The two professors commissioned supportive research conscientiously to proponents of the structure planning paradigm. These were well-versed in specialised subjects that needed careful further investigation. The Flemish planners operated very much as paladins making proposals almost on a 'take it or leave it' basis. As one of them pointed out, 'Flanders had no spatial planning tradition, so we had nothing to lose.' Right from the start, the vanguard of the new system did not try to compromise, but considered themselves activists who could only succeed in their mission by using kindred souls to compile the plan. It must be said, that the influence of the planners on the Structure Plan has been much greater than on the Decree on Spatial Planning, on the establishment of which legal experts had more say. The Spatial Structure Plan and the two Decrees on Spatial Planning were submitted to Flemish parliament in the period from 1997 to 1999 and enacted shortly thereafter. The adoption of a similar package today would have been very unlikely, due to the change of political climate. The liberals who have never been sympathetic to planning have dominated Flemish government coalitions ever since. The Greens are also more focused on norm enforcement than on flexibility and strategic concepts. During the time the window of opportunity stood wide open, however, the Flemish planners utilised this chance optimally.

5. A VARIETY OF FOREIGN SOURCES

The Flemish fascination for British planning and its flexible practice harks back to even before the Second World War, but due to insurmountable legal differences that system was never copied. Yet, the ineffective spatial planning practice in Belgium

(as opposed to its legalistic formal framework) was widely seen as a negative lesson certainly not to be repeated in Flanders. Ever since the Flemish region had obtained competency for spatial planning, planners had held pleas for system reform, but there had not been any agreement how this was to be done. When it comes to indicating what foreign ideas were fed into the new Flemish spatial planning system, a distinction should be made between the following: (1) the academics who were mostly involved in planning theory and had familiarised themselves with the Anglo-Saxon theoretical debate on structure planning, (2) the planning practitioners who were more aware of policy reports in the Netherlands, and (3) the administrative and legal practitioners who have maintained their interest in zoning clarity and legal security in the Napoleonic tradition. The first focused strongly on the process of planning, the second on the concepts for planning, while the third secured the administrative translation of the ideas taken from (1) and (2).

5.1 Structure planning along Anglo-Saxon theoretical lines

The academic players in the development of the structure plan were adherents of what they call 'voluntaristic planning'. This was taken especially from the writings by American thinkers and planning ideologists such as Ozbekan (a CEO of the RAND Corporation in 1960s), Friedmann (well-known as a proponent of transactive planning) and the British planning theorist Mc Loughlin (who is known as an advocate of the systems approach). They all argued that the future could not be approached through a rational-comprehensive model with optimisation and control techniques nor through trend or scenario analysis, but only by human actors assuming responsibility for choices affecting the future. The interplay of spatial and socio-economic processes on the one hand and human volition on the other should be considered the basis for spatial planning. Not the drafting and (non) enforcement of rigid rules and norms, but the flexible use of relatively open spatial concepts, in relation to existing geographical patterns, should lead the way here.

Clearly, the old Belgian practice served as a negative example, while the British and American philosophies and practices were seen as desirable. This academic discourse, taught in the planning schools at the Universities of Leuven and Ghent, was adopted by groups of planners who took those ideas with them to the regional, provincial and municipal administrations, pressure groups and consultants. Here, these ideas spread further. This very much sensitised those organisations to the central philosophy of the plan.⁴ Flemish planning should be more engaged in the development of spatial structures than in traditional zoning. It had to become more flexible and focused on actual development and implementation. For this purpose, the British planning practice was treated as a role model. Wider spatial structures are considered the leading elements for policy making, which should therefore be focused on that level of abstraction.

5.2 Planning concepts taken mostly from Dutch reports, but adjusted to local circumstances

When it comes to the concepts with which spatial developments were to be interpreted and redirected, an area in which other people were more involved, the Dutch National Reports on Spatial Planning (especially the Second, the Third and the Fourth) were by far the best-known. The Netherlands was also the only surrounding country where national spatial plans were drafted at all. Concepts coined in them were amply discussed and occasionally admired, but few were of the opinion that they fitted the Flemish context. Maps of the morphological structure demonstrated how much more dispersed the Flemish settlement pattern was than the Dutch, which to most Flemish planners was a major source of concern. In that sense, the Dutch concept of 'bundled deconcentration' of spatial development had attracted attention. Yet in another sense, the quality of housing and urbanism in the Northern neighbour was rejected outright by almost all Flemish citizens, making Dutch solutions difficult if not impossible to sell to politicians and the public at large.

Eventually, the concept embraced in the Flemish Structure Plan was 'deconcentrated bundling', sounding very similar to the Dutch concept, but hiding a world of difference in practice. Sometimes, the Dutch frame of reference was mentioned only to be explicitly rejected, a blatant example of 'negative affinity'. Also, most people in the Flemish planners' network found the way 'Holland' formulated its planning ambitions far too comprehensive, while its implementation was deemed too free and informal. Excursions undertaken by Flemish planners to study the link between planning concepts mentioned in the government reports and their actual execution led to total disappointment. There was no such link! It may be that the Dutch were ahead when it came to developing spatial concepts. They were certainly behind on the subject of their implementation.

The spatial concept 'Flemish Diamond' (the region including the agglomeration of Brussels, Antwerp, Ghent and Leuven) was an explicit answer to the Dutch 'Randstad' and German 'Ruhr Area'. These terms were used to improve Flanders' economic appeal to investors. Other concepts, such as 'urban networks' (identical name in Flanders and the Netherlands), 'ports' (named 'mainports' in the Netherlands) and 'delineation' (named 'contours' in the Netherlands, to delineate 'the red', industrialised from 'the green', natural areas) bear remarkable resemblance to Dutch concepts without having been derived from them.

5.3 Spatial planning administration

In the Flemish discourse of structure planning, 'integral planning' came to be defined as keeping the making of plans, decisions and their implementation in one administrative hand. Plans should only be drawn with the intention of implementing them. Here too, after many years of subdued admiration for the Dutch planners, the Flemish now regularly refer to 'Dutch talk planning' (*Hollandse praatplanologie*) in a depreciating manner to show how many vague reports are produced with no apparent reference to processes by which space is really evolving. The occasional covenants signed have no real legal backing either. When it comes to administrative

issues, most Flemish planners have much more affinity with the French planning practice, which is more implementation-oriented. Plans and agreements on projects are explicitly connected, which, to them, is the only way to make spatial planning work. The most important organising principle in the Decree on Spatial Planning is 'subsidiarity'. Structure plans will be developed at both the regional, provincial and municipal levels. The region plays a primary role when it comes to areas deemed of regional (= national Flemish) importance. The province does likewise for territories of provincial relevance and the municipalities do the rest. Tied to these structure plans are so-called spatial elaboration plans (*ruimtelijke uitvoeringsplannen*, RUPs) which also exist at all levels. The responsibility for the process management resides with the initiating government, from the beginning to the end. What has not been realised in Flanders, but is admired in the French planning tradition is public and private partners gathering around the table much more easily and drawing up contracts. There are legal barriers to such solutions in Flanders, but it is also an issue of mentality. Such encounters are seen as 'dubious' in Flanders and civil servants tend to see developers as the enemy. Otherwise, the stronger focus on implementation and legal wordings to make the concepts judicially effective is fully in line with Belgium's Napoleonic legal tradition and cultural inclination towards uncertainty avoidance. Interestingly, the Anglo-Saxon based idea of structure planning is suited in a typically Napoleonic legal form through detailed elaboration of initially flexible concepts.

This hybridism evokes ambivalent feelings among the Flemish planners. It is good to counter non-commitment. Actors should not only be able to express the intention to comply with the stipulations in an agreement, but they should also be held to be committed and comply with them. Those at the cradle of the structure planning philosophy deplore that actual implementation has become much more rigid than they intended. This becomes apparent in three examples. A member of the political cabinet to the minister of spatial planning asked one of our respondents how much space should be left in ports for 'ecological networks' (green areas), to which he aptly replied '5%'. His answer can now be found in the Structure Plan. The second example is that of the spatial core decision (*ruimtelijke kernbeslissing*), derived from the Dutch '*planologische kernbeslissing*', which designates key decisions with legal significance in the Dutch reports. Eventually, experts found this legal construction too vague and replaced it with legally more 'binding stipulations' (*bindende bepalingen*), which offers more legal security. The last example refers to 'spatial book keeping' (*ruimtelijke boekhouding*), which was certainly not initially envisaged by the Flemish planners. However, it was incorporated because it could clarify to the minister and parliament the practical consequences of the newly endorsed structure plan to much older regional plans, dating from the Belgian unitary era. This spatial book keeping document offers current policy makers some clear figures on how many hectares each function (industry, agriculture, nature reserves etc.) could grow or decline in the coming years. Yet, it eclipses the actual structure plans as a strategic vision. This is the ultimate form of institutional bricolage.

6. CONCLUSIONS

Politics and administration in Flanders are in the midst of a process of deep transformation. Most energy is set on undoing exactly those characteristics deemed negative in the old Belgian institutions. The drive to achieve an economic, cultural and institutional move north and part from the perversities of the Latin administrative tradition (nepotism, power abuse, connivence, rigid rules accompanied by lax implementation) had to vanish. The Belgian institutions were seen as their exact incarnation. Flanders' increased autonomy proved the perfect opportunity to realise such a thorough purification. Policy borrowing from other countries representing the exact opposite values of anything associated with Belgium then seems self-evident. The fact that developments in Brussels and Wallonia are seldom if ever mentioned, let alone discussed or seen as an alternative model, is not surprising.

The example of how an independent Flemish planning system was drafted and adopted, where ideas were gleaned from and how they were compiled into something new and unique, shows that the trap of blindly following other models was avoided. While awareness of planning systems prevalent in surrounding countries gradually increased in the course of the 1980s, a Flemish planning tradition as a particular offshoot of the nation building process took place in full awareness of the new country's very specific position among its bigger and more influential neighbours. Approaches, concepts and administrative traditions from elsewhere were absorbed selectively. These were then recombined and turned into new creations that few of the donors would recognise as their own, unless expressly looking for them. Grasping back at Rose's typology of lesson-drawing, none of the case reports in this book bears more resemblance to his fourth or even fifth type: making syntheses of three or more models and at times, just being inspired. Building a strong and loyal coalition of motivated planners with a competitive spirit and collectively jumping through the policy window that finally came, can account for the final result.

All the required elements for a new Flemish planning tradition are not present yet, however. By explicitly embracing a philosophy of Anglo-Saxon style structure planning, characterised by its flexibility and the adoption of open spatial concepts, Flemish planners show a strong desire to diminish the element of rule-drivenness in their planning practice. Laments now raised by some of them, that actual implementation by civil servants is taking place much in the old-fashioned and despised way, reflects a struggle between an administrative reform aimed at cultural self-reinvention and traditional reflexes that do not wither away overnight. Most hope they will in the long run. Can culture be changed by decree?

NOTES

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valuable information in the interviews we had with them. Unless stated otherwise these interviews are the main sources of our report.

² 'Decree' is the word for a regional law.

³ See Albrechts (1999) for a extended and partly personal account of the realisation of the Flemish Structure Plan.

⁴ The Decree on Spatial Planning even requires that local provincial and regional governments hire qualified planners.

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VIRGINIE MAMADOUH

REPRESENTING THE PEOPLE OF THE EUROPEAN UNION

Transplanting democratic institutions to the supranational level

1. INTRODUCTION

European Union institutions are fascinating for those interested in institutional transplantations, because they concern the transplantation of institutions between different levels of government, namely between the national and the supranational level. In addition these transplantations involve multiple sources, as national institutions of different Member States serve as donor institutions – not equally though, those of the larger Member States and those of the older Member States more than others. Finally the specific configuration of the supranational arena allows us to see that the formal transplantation of institutions imposed from above by empowered actors (e.g. the ones that draft and adopt treaties) is only half of the story. Actors from the different Member States also transplant institutions, albeit informal ones, when they become involved in the supranational and transnational arena. This leads to the emergence of new informal institutions and can be seen as ‘transplantation from below’.

The chapter deals with four aspects of institutional transplantation related to the European Parliament. Firstly it assesses to what extent we can speak of institutional transplantation when it comes to the establishment of the European parliamentary assembly and the definition of its competencies and its relations with other supranational institutions. Secondly it describes how institutional transplantation with multiple sources has affected the ways the European Parliament is elected. Third, it discusses the internal organization of the European Parliament (e.g. its rules of procedure) and transplantations from the parliamentary practices from the Member States. Finally, it deals with less formal institutions: the rules that govern the behaviour of Members of the European Parliament (MEPs) and their multiple national sources. The discussion in the final section brings to the fore the importance of the multiple dimensions of institution transplantation and the complexity of the phenomenon.

2. ESTABLISHING A PARLIAMENT FOR EUROPE

The first instance of institutional transplantation between the national and the supranational level pertains to the establishment of a parliamentary assembly at the European level. This section reviews the debates around this institution, its competencies and its constitution, and its relations with the other governing institutions of the European supranational association.

Both ideas (that of European integration and that of a European parliament) were not new but re-emerged after World War II¹. Those promoting European integration after World War II were divided into two broad camps: the federalists that wanted a federal Europe (it was a very diverse movement, but the main organisation was the Union of European Federalists chaired by the Dutch Hendrik Brugmans) and those favouring intergovernmental cooperation (such as the United Europe Committee founded by Winston Churchill, former Prime Minister of the United Kingdom). The first wanted a federal Europe, the other a regional organisation within the framework of the freshly established United Nation Organisation. Both were not interested in a Europe-wide parliament. The first distrusted political parties, they promoted a federal state with a government, a court of justice and a police force (Bubba, 1970, p. 8). The second wanted a classic international organisation where delegates of the governments of the Member States (e.g. diplomats) came together.

The parliamentary assembly was promoted by Comte de Coudenhove-Kalergi, the founder of the Pan-European Movement during the interbellum, the person behind Aristide Briand's proposition of a United Europe at the League of Nations on 5 September 1929 (Heffernan, 1998, p. 128; Bubba, 1970, pp. 8-9). He had lived in exile in the U.S. during the war where he founded the American Committee on a United Europe and wrote a constitution for Europe (first published in 1945). To bypass the national governments that wouldn't be prepare to surrender their powers to supranational institutions, Coudenhove-Kalergi tried to mobilise parliamentarians. He surveyed 4,256 of them (communist representatives were excluded) about his project, by asking them the following question: 'Are you favourable to the establishment of a European Federation in the framework of the UN?' 1,766 were for, 52 against, but 2,438 didn't answer (Bubba, 1970, p. 9). He then convened parliamentarians to Gstaad, Switzerland, for a constituent assembly.

114 prominent parliamentarians from 10 states did meet in Gstaad in September 1947 but they did not follow the grand design of Coudenhove-Kalergi. Instead, a European Parliamentary Union (EPU) was established. In addition these parliamentarians called for the convocation of a constituent assembly to draft a constitution for a federal Europe. Its members could be either national parliamentarians or representatives directly elected for this task.

In the following year, the Cold War set in with the Prague events and the Brussels Treaty of Defence between France, the United Kingdom, Belgium, the Netherlands and Luxembourg. The European movements convened a conference in The Hague in May 1948. The establishment of a parliamentary assembly was discussed again; some federalists promoting an assembly representing cultural, religious, regional, and social forces (and not political parties); some promoting a directly elected assembly with a constituent mandate; but the majority adopting the

idea of a parliamentary assembly composed of representatives elected by national parliamentarians – among themselves or not (as a concession to the federalists, Bubba, 1970, p. 13).

The constituent task of the assembly was still seen as its main mandate, for example at the meeting of the UPE in Interlaken in September 1948. While a constituent assembly was in line with continental experience of democracy constituent assemblies have established the Republic in France or in Italy – it was odd for British politicians. In addition, continental politicians had idealised parliamentary institutions after periods of dictatorship and war regimes, which again was not the war experience of Britain (Bubba, 1970, p. 19). The eventual establishment of a parliamentary assembly for the Council of Europe that was created on 5 May 1949 in London can be seen as a compromise between the British view (intergovernmentalism) and the French view (divided but with some support for the assembly). The Consultative Assembly that met for the first time in Strasbourg in August 1949 consisted mainly of national parliamentarians supporting their national government; opposition parties were under-represented and Communist parliamentarians² had been excluded of the procedure at the demand of the British government. It was the end of the dream of a constituent assembly.

The following year, the declaration of 9 May 1950 of the French Foreign Minister Robert Schumann brought new hopes. Still, his famous declaration³, that proposed to bring the German and French coal and steel production under the control of a supranational high authority, did not say a word about a parliamentary assembly. The proposal has been drafted by Jean Monnet, a civil servant working at the French Planning Authority and it was typically a French technocratic plan (Bubba, 1970, p. 26). Soon after the declaration, a parliamentary assembly was introduced in the project, modelled after the one at the Council of Europe⁴ (a transplantation from an international to a supranational setting) to control the High Authority. The European Coal and Steel Community (ECSC) was established by the Paris Treaty (signed 18 April 1951). The Common Assembly of the ECSC met for the first time in September 1952 in Strasbourg.

Despite its limited tasks, the Assembly was soon seen as the new constituent assembly. Firstly the United Kingdom (which was the main opponent to a federal Europe) did not join the ECSC, giving new hopes to federalists. Secondly the signature of the Paris Treaty establishing a European Defence Community (EDC) in 1952 that was meant to make the re-armament of West-Germany possible under European control, brought about the project of a political community. The Assembly was invited by Chancellor Adenauer, on behalf of the Council, to draft a Treaty for a European Political Community (e.g. a constitution for a federal Europe) and was therefore known as the *Ad Hoc Assembly* (Bubba, 1970; Scalingi, 1980; Corbett, Jacobs, & Shackleton, 2000, p. 295). Its propositions were disputed by the national governments, but the whole discussion became obsolete when the EDC treaty was not ratified in the French National Assembly.

Further integration initiatives were more successful. The Rome Treaties were signed in March 1957 establishing the European Economic Community (EEC) and the European Atomic Energy Community (Euratom). A new, enlarged, assembly was created and met for the first time on 19 March 1958 in Strasbourg. The

Assembly was called the European Parliamentary Assembly in French and in Italian, but the European Parliament in German and Dutch, a name established formally by the Assembly on 30 March 1962 and later inscribed in the treaties (Single European Act 1986).

After the first direct elections in 1979, the European Parliament acted again as a constituent assembly. It drafted a constitution under the leadership of the Italian MEP Altiero Spinelli (one of the founders of the federalist movement) and adopted a new Treaty on European Union in February 1984 (Corbett *et al.*, 2000, p. 297). While the reactions to the proposal of the Parliament were mainly positive, the governments of the Member States took and keep the initiative in the further and numerous constitutional developments of the 1980s and 1990s. New treaties were prepared at Intergovernmental Conferences (IGCs) – the European Parliament being mainly on the sideline.

Beside the constitutional issue, the name of parliament also raised many expectations about the competencies of the Assembly, expectations that often led to the disappointed statement that the European Parliament is not a true parliament.

On top of that, the European Parliament is no true parliament. It has named itself like that in 1962 but it isn't actually. It has been established as an *assemblée*, an advising assembly. 'European Parliamentary Assembly', was the official name until 1962. A chat house after French model, without much say. In the Netherlands and Flanders the power of the EP is measured against the competencies of the own national parliaments. Then the EP appears to be a duffer. The French by contrast find that the EP has plenty of competencies, their own *Assemblée* hasn't that many. (Dohmen, 1999, p. 18, my translation).

Dohmen's quote shows how expectations stem from experiences with national institutions. The powers of the European Parliament are compared to that of the national parliaments and therefore often judged unsatisfactory – although this varies with the powers of the national parliament to which one refers. This can lead to misunderstandings, misconceptions and disappointments. Indeed the overall institutional framework of the European Communities and later on the European Union is genuinely innovative and is still developing fast. The EP was originally a consultative assembly but has been granted budgetary powers in the 1970s and more and more legislative powers with the Single European Act (1986), the Maastricht Treaty (1992) and the Amsterdam Treaty (1997)⁵. The so-called institutional triangle consisting of the Commission, the Council and the Parliament, is currently involved in a decision-making processes where roles overlap. There is no government and opposition, no separation between the executive and the legislative in a fashion comparable to most national polities. Particularly disturbing for many observers is the fact that the EP does not control any EU government. There is no EU executive comparable to national governments: the Council (formed by representatives of the governments of the Member States) isn't and the Commission neither. But while the Commission and the Council are evidently distinctive institutions, the Parliament, because of its very name, seems to fail⁶. This applies to the way it is elected too.

3. CHOOSING EUROPE'S PEOPLE'S REPRESENTATIVES

Article 138 of the Rome Treaty (1957) made provisions for the direct election of the members of the Assembly. Nevertheless it lasted until 1979 before the first direct elections were held. In the meantime the members were nominated by the national parliaments. The reason why it took so long to agree on electoral procedures is to be found in the wording of the treaty article:

The Assembly shall draw up *proposals for elections by direct universal suffrage in accordance with a uniform procedure* in all Member States. The Council acting by means of a unanimous vote shall determine the provisions which it will recommend to Member States for adoption *in accordance with their respective constitutional rules*. (Article 138 paragraph 3; quoted in Scalingi, 1980, p. 39, my emphasis).

While 'elections by direct universal suffrage' refers to the transplantation of a general democratic principle already adopted at different levels of government, the reference to the constitutional rules of the member states led to much controversy. It points at the need to make sure the EP electoral procedures are compatible with the constitution of each national democracy. It refers at once to the conditions for active and passive voting rights, to electoral procedures and to culturally embedded understandings of political representation.

The European Parliament debated much about direct elections (Scalingi, 1980), and when the Council finally agreed on procedures, there was not much left of a uniform procedure (Parlement européen, 1989). Resilient national electoral institutions brought about EP elections that actually are a series of national elections. They are even held on different days, as some Member States always organise elections on Sunday and others never do (in this category some hold the election on Thursday, but Ireland does on Friday).

Electoral rights were nationally determined until the Treaty on European Union (or Maastricht Treaty) introduced the concept of EU citizenship. This EU citizenship is coupled to the citizenship of a Member State, but the Treaty introduces electoral rights for EU citizens living in another Member States than their own for local and EP elections. This was applied for the first time at the 1994 elections, EU-wide⁷. In 1999 there were foreign candidates in only eight Member States, and only four of them were elected: two in Belgium, one in France and one in Italy (Corbett *et al.*, 2000, p. 14), the most prominent one being Daniel Cohn-Bendit, a German citizen that was the leader of the French green list⁸.

The electoral procedures (e.g., the way votes are translated into seats) vary grandly between the Member States, according to national electoral laws, but also to other specific considerations. The United Kingdom has been in the most special position by transplanting its plurality system to EP elections. Evidently it had to adapt to the small number of seats to be distributed (81 in 1979) compared to general (= national) elections. The UK made however an exception for Northern Ireland, which was allocated three seats as a multiple seats constituency and where the Single Transferable Vote system was applied – as in Ireland. In 1999, the UK finally introduces a proportional system in regional constituencies, both as an experiment with proportionality to accommodate British reformers that traditionally protest against plurality, and as a way of being more akin to the other Member

States. Another exception is Ireland, which has transplanted its STV system⁹ to EP elections.

Many Member States altered one way or the other their electoral system, introducing the state wide proportional distribution of seats¹⁰. France is a typical example of this adaptation, as it was seen necessary to be compatible with the French constitution, France being 'une et indivisible' (one and indivisible), it could only be represented as an entity in the European Parliament. In that case constitutional arguments made the transplantation of national electoral procedures impossible. Constitutional arrangements also interfere with EP elections in Belgium where there are separated electorate colleges for the communities and in Germany with the Länder (although only the CDU-CSU present different lists in the different states), or through the application of a 5% threshold (in Germany) or preference voting for individual candidates (in Austria, Finland, and Sweden).

In addition to the electoral laws, the mobilisation processes by national parties and through national media contribute to the preservation of national arenas, which kept EP elections as a series of national elections¹¹.

Table 1: Turnout in EP elections (as percentage of the electorate), ranked by turnout in 1999

	1979	1984	1989	1994	1999
Belgium ^a	91.6	92.2	90.7	90.7	90.0
Luxembourg ^a	88.9	87.0	87.4	88.5	85.8
Italy	85.5	83.9	81.5	74.8	70.8
Greece ^a	78.6 ^b	77.2	79.9	71.2	70.2
Spain		68.9 ^c	54.8	59.1	64.4
Ireland	63.6	47.6	68.3	44.0	50.5
Denmark	47.1	52.3	46.1	52.9	50.4
<i>EU average</i>	<i>63.0</i>	<i>61.0</i>	<i>58.5</i>	<i>56.8</i>	<i>49.4</i>
Austria				67.7 ^d	49.0
France	60.7	56.7	48.7	52.7	47.0
Germany	65.7	56.8	62.4	60.0	45.2
Portugal		72.2 ^c	51.1	35.5	40.4
Sweden				41.6 ^d	38.3
Finland				60.3 ^d	30.1
Netherlands	57.8	50.5	47.2	35.7	29.9
UK	31.6	32.6	36.2	36.4	24.0

^a Voting is compulsory in Belgium, Luxembourg and Greece.

^b First direct elections in Greece in 1981.

^c First direct elections in Spain and Portugal in 1987.

^d First direct elections in Sweden in 1995, in Austria and in Finland in 1996.

Source: Corbett *et al.*, 2000, p. 25.

Finally, electoral institutions (formal and informal) also matter in terms of turnout. In some Member States (Belgium, Luxembourg, Greece) voting is compulsory and this applies as well to EP elections; in most states it is not, although in Italy abstention is registered which is believed to be a strong form of control. Voting turnout is rather low for EP elections, and it is decreasing, contrary to the expectations after the 1979 elections that it would increase with the powers of the

EP. But differences between Member States are huge (see Table 1). In some occasions, the joint organisation of EP and other elections boosted the turnout (for example on 19 July 1987 in Portugal). But generally turnout levels are linked to the national political cultures and the turnout levels for national and other elections. In 1999 turnout was half the EU average in the UK, and almost twice the EU average in Belgium. This reflects the enthusiasm for European integration in Belgium, but compulsory voting even more.

The present electoral procedures are much disputed both because of their low profile and the low turnout, and because they do not transcend national boundaries. Every now and then, new proposals are drafted by the European Parliament, European movements or think tanks, to establish a uniform electoral procedure and to allow for EU-wide elections, or at least for a contingent of MEPs that would represent a transnational constituency (see for example the scenarios in Van Tuyll van Serooskerken, 1995). This laborious process can be explained by national electoral institutions as strong models pointing at different directions, but also by the lack of a suitable model ready to be copied. New institutions have to be invented to democratise the supranational polity and that is no easy task (Schmitter, 2000; Siedentop, 2000).

4. ORGANISING THE EUROPEAN PARLIAMENT: PARLIAMENTARY COMMITTEES AND POLITICAL GROUPS

Another aspect of the institutional formation of a European Parliament is evidently the way it is structured and the way it functions. Although the competencies of the European Parliament clearly differ from national parliaments, its internal structure and its rules of procedure largely recall that of national parliaments. This is what Bubba (1970) calls the parliamentary method. By that, she means that large assemblies, also when they are not composed of people's representatives, have to adopt parliamentary methods to deal with the large numbers of participants. These consist of formal rules about 'who is doing what', 'who is talking when about what' and how decisions are made. Conversely, small meeting of representatives, such as the municipal councils of very small municipalities, do not need to apply the *parliamentary method to organise their proceedings*.

The main structures of the EP are the parliamentary committees and party groups (Jacobs, Corbett, & Shackleton, 1990, 1992; Corbett, Jacobs, & Shackleton, 1995, 2000; Westlake, 1994a). In this, it is similar to most parliaments in the world. Most parliaments have committees, in order to improve their efficiency. Committees are seen as instruments to enhance the powers of a parliament by allowing for the specialisation of members. Nevertheless the role and the powers of committees and their autonomy from the parent chamber vary greatly. Some parliaments such as the German *Bundestag* are often described as working parliaments, with strongly institutionalised committees. In others, for example in the British *House of Commons*, committees are provisional and less autonomous from the whole chamber.

The European Parliament definitely belongs to the first category, not so much because of a conscious action to implement the German model (actually the German parliament is hardly older than the EP)¹², but because of its tasks and the way it had to function. In the beginning, its members were first of all members of the national parliaments, and therefore the Assembly could only meet infrequently. These tight schedule conditions made it necessary to follow very rigid procedures to prepare and make decisions. Later on, the growing budgetary and legislative powers of the EP concerned very technical matters that demanded specialisation.

Seven committees were created in 1953, a number that rose to 13 in 1958 with the new Assembly, to 16 in 1979 after the first direct elections, and gradually to 20 in 1999. After the 1999 elections, only 17 committees were re-established ranging from Foreign Affairs to Women's Rights. Each MEP is generally a member of one committee and a substitute member of another one. The work of the committees consists of the consideration and adoption of draft reports for the plenary session. A committee member is appointed as a *rapporteur* to draft the report, a practice that stems from continental parliamentary practices and is unknown to the British.

Since the 1979 elections, many representatives are full time MEPs, but the schedule of the Parliament remain very tight due to two specific characteristics: the two locations where it meets (Brussels and Strasbourg, see Hein 2000) and the eleven working languages it uses (Mamadouh, 1995, 1999). The European Parliament holds (most of) its plenaries in Strasbourg during the monthly plenary session. The other three weeks are devoted to work in the parliamentary committees and the party groups, that generally meet in Brussels and to work in the Member States (and constituencies for the Irish and the British MEPs).

As parliamentary committees, party groups were created as early as 1953. Representatives joined transnational groups of members of national parties from the same party family. However as the national party systems are structured by different cleavages (Lipset & Rokkan, 1967; Rokkan, 1970, 1980; Lane & Ersson, 1999), this transplantation of national cleavages led to a specific EU parliamentary group system (Hix & Lord, 1997, p. 24). The rules of procedure of the EP favour transnational groups: the threshold (the minimum number of members) to form a group decreases when the number of national delegations in the group increases. Consequently it is very rare that a national party delegation forms a group of its own, as *Forza Europa!* did for a year after the 1994 elections.

The evolution of the EP groups shows the combination of pragmatic arguments (joining a large group / welcoming as many members as possible to become a large group) and ideological arguments (joining a group with similar views / being a coherent group). In addition, parties of the same state generally avoid joining the same group. Indeed if a party delegation applies for membership, members from the same state can veto the new adhesion. They are less prone to do so when it concerns a national party, which is an ally in national politics, than if they are opponents in the national political arena. For example, the cohabitation of the two Dutch liberal parties, the right wing VVD and the left wing D66, in the liberal group at the European Parliament used to surprise the Dutch electors when the two parties were opponents in national politics (e.g. when the VVD was in power and D66 in

opposition) but it didn't any more when they participated in the same coalition in Dutch government.

The first three groups were founded in June 1953, representing the Socialists, the Liberals and the Christian Democrats. The fourth group was created in 1965 when the French Gaullists left the liberal group to form their own. After the first enlargement in 1973, British and Danish conservatives established their own group; and a Communist group finally emerged in October 1973. These six groups maintained themselves after the 1979 elections. A seventh one, the technical coordination group, was created by a diverse collection of representatives that collaborated to benefit of the material and organisational advantages of being a party group. After the 1984 election, this technical group was replaced by the Rainbow group with anti-integration representatives, regionalists and greens. The 1989 elections brought about many changes with the establishment of a new extreme-right group, the split of the Communist group into a reformist group led by the Italian communists and a conventional group led by the French communists, and the split of the Rainbow group into a Green group and a new Rainbow group with regionalists and the Danes opposing European integration. During the third legislature (1989-1994), realignments became more frequent: Conservatives joined the Christian Democrats and the Italian Communists the Socialists. Shifts went on after the 1994 elections and during the fourth legislature. Since the 1999 elections there are seven party groups. The two largest parties, the group of the European People's Party (Christian Democrats) and European Democrats (PPE-DE) and the group of the Party of European Socialists (PES) have members from all Member States. The three medium-sized groups draw their members from a more limited number of countries: the Green group has no member from Greece or Portugal; the Liberal group has no member from Austria, France, Germany, Greece, and Portugal; and the Communist group has no member from Austria, Ireland, Luxembourg, and the UK. The two smaller and recent groups (the Union for Europe of the Nations group and the group for a Europe of Democracies and Diversity) are less diversified, and in both cases a French delegation is the largest one.

Although the association of national parties brings about very eclectic groups (this is especially true of the largest group PPE-DE), party groups at the European Parliament are cohesive, when it comes to voting (Attinà, 1986, 1990; Raunio, 1997; Hix & Lord, 1997; Bell & Lord, 1998). They have taken over an institution from the 'mother of all parliaments' (Westminster) with group whips that give voting instructions to MEPs and control their voting behaviour. This is necessary despite the fact that MEPs have no government to support or oppose, because quorums are important to strengthen the EP position toward the Commission and the Council. For this very reason, the two largest groups (the PPE-DE with 233 seats and the PES with 180 seats) collaborate into broad coalitions.

While the parliamentary groups were established early and strongly institutionalised, playing a key role in the functioning of the parliament and being heavily staffed through the subsidies of the EP (Corbett *et al.*, 2000), extra-parliamentary parties only emerged much later. International cooperation between national parties was long seen as sufficient, and it is only at the eve of direct elections that extra-parliamentary European parties were established. The first

European political party was founded in 1976, by the Christian Democrats under the name of the *European People's Party* (EPP). The Liberals and the Socialists (Social Democrats or Labour parties in certain states) made looser arrangements with the *Confederation of the Socialist Parties of the EC* (1974) and the *Federation of Liberal and Democratic Parties in the EC* (1976). In 1978 the *European Free Alliance* (EFA) was established by some regionalist parties and in 1984 the emerging green parties created the *European Coordination of Green Parties* (ECGP).

The Maastricht Treaty brought about some institutional strengthening because of its Article 138A, in which the role of European parties was underlined. The *Party of European Socialists* (PES) replaced the confederation in November 1992, the *European Liberal, Democrat and Reform Party* (ELDR) the federation in December 1993. In the meantime, the green coordination was replaced by the *European Federation of Green Parties* (EFGP) in June 1993. And in October 1995 the *European Free Alliance* (EFA) of regionalist parties also called itself a 'party at the European level' (Hix & Lord, 1997, p. 171).

Striking however is that these parties remain parties of parties, not of individual members. National parties have succeeded in preserving their influential position by preventing the transplantation of national party institutions to the European level. Hix and Lord (1997, p. 196) nevertheless conclude that PES and EPP can be seen as nascent Euro-parties while the EFGP and the ELDR are still characterised as transnational party co-operation.

The internal organisation of the EP also often compares to national parliaments in small things, such as question time (that has been introduced at the demand of the fresh British MEPs in 1973 following British practice, Corbett *et al.*, 2000, p. 249) or the seating plan in the plenary. In the first Assembly (1952-1958) Members sat alphabetically – to make sure that the representatives originating from the same state did not sit together. Since 1958 they sit by political group. The groups sit from left to right, with the (former) communists at the left hand of the president and the extreme right at her right hand. The EP gathers in a hemicycle (both in Strasbourg and in Brussels). 'The shape of both these chambers is a compromise between differing national parliamentary arrangements' (Corbett *et al.*, 2000, p. 141). It is semi-circular as in the French Assembly, but the two extremes of the political spectrum do face each other as in the House of Commons. Different however is the presence of the numerous interpretation booths where interpreters work to provide instant interpretation in the eleven official languages of the Union that are the eleven working languages of the Parliament. Multilingualism is a challenge specific to the European Parliament. It is therefore an aspect in which its originality is most obvious to every visitor or observer (Abélès, 1992; Mamadouh, 1995, 1999, 2000).

Finally it is worth mentioning that the recruitment of the staff is a direct transplant of French administrative practices with open external competition by categories of functionaries (Shore, 2000; Corbett *et al.*, 2000). As an organisation, the EP is evidently more than its Members. They benefit from the support of the work of 2,575 permanent officials (Corbett *et al.*, 2000, p. 167) organised in eight Directorates-General. Typical is again the size of the language staff (interpreters and

translators) that account for about a quarter of the staff (according to Corbett *et al.*, 2000, p. 35).

5. MEPS AT WORK

Once the internal structure of the EP is described, we can turn to MEPs to examine how national institutions are transplanted from below through the echo of different institutional frameworks in the behaviour of MEPs from different Member States¹³. Table 2 and 3 present average scores of the national delegations for attendance, voting behaviour and rapporteurships to examine how MEPs with a different institutional background (e.g. national political culture) fulfil their role as people's representative.

Table 2: Activities in the EP 1989-1994

	Seats	Attendance Plenaries ^a %	Participation to votes ^b %	Voting as any other group member	Average Similarity Score	Standard deviation
				Group members		
Germany	81	80	65	78	89.0	4.0
UK	81	80	59	80	86.8	4.1
France	81	67	40	78	85.7	13.7
Italy	81	58	33	72	89.3	6.2
Spain	60	77	57	59	86.7	5.6
Netherlands	25	85	68	24	88.2	3.0
Belgium	24	84	62	24	86.8	5.5
Greece	24	80	57	23	86.0	5.4
Portugal	24	75	40	24	86.3	5.2
Denmark	16	74	42	16	80.8	7.0
Ireland	15	86	49	15	79.3	16.6
Luxembourg	6	78	55	6	86.9	2.2
EP	518	74	52	499	86.9	7.9

^a Attendance to the 297 plenary sessions 1989-1994.

^b Participation to 151 roll call votes June-December 1992.

^c Group members only (non-attached members are not expected to have a group position).

Sources: Computations of the author based on attendance lists published and roll call votes in the *Official Journal of the European Communities* 1989-1994.

On average 74% of the MEPs attended a plenary session during the third legislature (1989-1994), but this varied between 86% for the Irish MEPs (followed by the Dutch, the Belgians, the German, the British and the Greeks all with 80% or higher attended the session) and 58% for the Italian MEPs (while 67% of the French attended).

Data on participation to votes (based on a series of 151 roll call votes in 1992) also show much diversity between the national delegations. On average, 52% of the MEPs participated to these votes. But again the variation between the national delegations is huge, between 68% of the Dutch (followed by the British and the

Belgians) and 33% for the Italians (while on average 40% of the French and the Portuguese members voted).

Table 3a: Seats (1989) and rapporteurships (1989-1994).

<i>Member State</i>	<i>Seats Abs</i>	<i>Seats %</i>	<i>Reports Abs</i>	<i>Reports %</i>	<i>Ratio</i>
Germany	81	15.6	380	17.4	4.7
UK	81	15.6	416	19.0	5.1
France	81	15.6	227	10.4	2.8
Italy	81	15.6	253	11.6	3.1
Spain	60	11.6	253	11.6	4.2
Netherlands	25	4.8	199	9.1	8.0
Belgium	24	4.6	159	7.3	6.6
Greece	24	4.6	89	4.1	3.7
Portugal	24	4.6	87	4.0	3.6
Denmark	16	3.1	50	2.3	3.1
Ireland	15	2.9	55	2.5	3.7
Luxembourg	6	1.2	21	1.0	3.5
EP	518	99.8	2189	100%	4.2

Source: Mamadouh & Raunio, 2001.

Table 3b: Seats (1995) and rapporteurships (1994-99).

<i>Member State</i>	<i>Seats Abs</i>	<i>Seats %</i>	<i>Reports Abs</i>	<i>Reports %</i>	<i>Ratio</i>
Germany	99	15.8	415	20.9	4.2
UK	87	13.9	330	16.6	3.8
France	87	13.9	186	9.4	2.1
Italy	87	13.9	183	9.2	2.1
Spain	64	10.2	245	12.3	3.8
Netherlands	31	5.0	189	9.5	6.1
Belgium	25	4.0	77	3.9	3.1
Greece	25	4.0	67	3.4	2.7
Portugal	25	4.0	53	2.7	2.1
Sweden ^a	22	3.5	41	2.1	1.9
Austria ^a	21	3.4	39	2.0	1.9
Finland ^a	16	2.6	41	2.1	2.6
Denmark	16	2.6	39	2.0	2.4
Ireland	15	2.4	53	2.7	3.5
Luxembourg	6	1.0	27	1.4	4.5
EP	626	100.2	1984	100.0	3.2

^a Sweden, Austria and Finland joined January 1995.

Source: Mamadouh & Raunio, 2001.

Group cohesion is high in the European Parliament. But voting behaviour shows some variation, albeit limited. The similarity score (e.g. the percentage of the votes for which a MEP votes as other group members) was on average 87% but it varied

between 89% for the Italians and the Germans and 79% for the Irishmen. The Italians voted sparsely, but when they did, they followed the group line more strictly than their Irish counterparts. The limited variation between national delegations is not surprising, because group discipline is a widely shared norm. Such is not the norm of attending plenary sessions and votes. This shows also regularly, when the absenteeism of certain MEPs brings about scandalised comments in the Dutch or the British media, but certainly not in the French or the Italian ones (for such an outraged account of the functioning of the EP, see Dohmen, 1999).

Finally Table 3a and 3b present data on rapporteurships. As said before, rapporteurs are key position to influence the decision making in the parliamentary committee and therefore in the EP. The differences between the national delegations are huge. Both in the third and the fourth legislature (1989-1994 and 1994-1999) the Dutch delegation was the most productive in the EP with twice as many reports per seat as the EP average. This average production was 4 reports per seat for the third legislature and 3 for the fourth. Poor producers were the French and the Italians, and two delegations from the new Member States: Sweden and Austria. The differences between the national delegations are such, that some smaller delegations are more influential than larger ones. During the fourth legislature, the Spaniards (with 64 seats) and even the Dutch (with 31) draft more reports than the French and the Italians (with 87 seats each). Differences in engagement in the decision making process at the EP suggest that Italian and French representatives prefer to do something else than drafting reports.

How exactly these differences relate to different institutional backgrounds is difficult to assess. It is definitively not a question of familiarity: the French who have rapporteurs in their national assembly, are not very productive, while the British, who don't in Westminster, are very active. What is at stake is the transplantation of 'soft institutions', e.g. norms about the adequate way to fulfil a representative mandate. While some concentrate on the work in the House (e.g. the legislative work) others (such as the French) favour relations outside the House (contacts with constituents, national party and lobbies) and other political or professional activities.¹⁴

6. CONCLUSIONS AND DISCUSSION

The constitution of a supranational parliamentary assembly and the choice to name it European Parliament is a fascinating example of institutional transplantation. Not only it underlines the hopes claims of many for the assembly as a constituent assembly for a federal Europe; it also shows how democratic institutions that have developed in nation states were seen as necessary at the supranational level. While name and direct elections broadly correspond to the national models, the competencies of the parliament and its role in relation to other EU institutions are very different from those of national parliaments. But the transplantation of the name makes the comparison between European parliament and national parliaments irresistible and therefore frames the difference between their competencies as a failure of the European Parliament to keep up to its national models.

The fundamental ambiguity between the functional and formal characteristics of this supranational institution is even more striking when one looks at the way it is organised. The European Communities and the European Union form a singular *sui generis* structure of governance with an original institutional arrangement, but the European Parliament has been organised by transplanting national parliamentary institutions to the supranational level. Apart from the confusion caused by conflicting national traditions when it comes to the representative's roles, the discrepancy between function and form contributes to the perpetuation of the deficient legitimacy of the European Parliament and of the democratic deficit of the European Union. Still, causes are more likely to be found in the transplantations that did not take place: the ones delayed by mighty national actors (such as national political parties when it comes to electoral procedures and transnational parties) and the ones that are missing because appropriate donors are lacking (that is: there is no supranational polity where the EU can borrow ready-made institutions).

Finally this particular example of institutional transplantation underlines the multiple facets of the transplantation process. There are a myriad of institutions – including less formal ones – involved in the transplantation of an overarching institution such as representative democracy. Besides, because actors in the supranational arena do not share the same institutional background, the process of bottom up transplantation has been revealed most clearly than in more common instances of transplantation. This demonstrates the need to examine how actors involved in the implementation of a formal transplantation appropriate it and complement it with accessional transplants.

NOTES

¹ Think of the proposals of the English Quaker Hon Bellers in 1693, the French writer Victor Hugo in 1850, the Swiss jurist J.K. Bluntschli or the Scottish lawyer James Lorimer at the end of the 19th century, and the French politician Aristide Briand in 1929 to name only a few (Heffernan, 1998).

² The Communist Party was sizeable in both the French and the Italian parliaments; it would have been entitled to a large portion of the French and Italian seats in the European assembly if they would have been distributed proportionally.

³ 9 May has been proclaimed Europe's Day.

⁴ Since then, several international organisations have such a parliamentary assembly consisting of delegates of the national parliaments, such as the North Atlantic Assembly (NATO), the Assembly of the WEU (Cocks 1973), and more recently the Parliamentary Network of the World Bank,

⁵ Extensive accounts of the early evolution of the EP are found in Kapteyn, 1962; Bubba, 1970; Cocks, 1973; Fitzmaurice, 1978; Herman & Van Schendelen, 1979; Scalingi, 1980; Pridham & Pridham, 1981; Palmer, 1981; later studies: European Parliament, 1989; Jacobs *et al.*, 1990, 1992; Corbett *et al.*, 1995, 2000; Westlake, 1994a, 1994b; and Corbett, 1998.

⁶ Disappointment has a long history as shows Bubba's book about the failed mission of the EP (1970)

⁷ Italy had given passive voting rights to citizens of other Member States earlier, and indeed the French political scientist Maurice Duverger was elected in 1989 in Italy.

⁸ Although a German national, Cohn-Bendit is also a French political celebrity, as a students' leader of the May 1968 revolt.

⁹ The Single Transferable Vote means that electors can rank candidates according to their preference. Waste votes, for example those cast for a candidate with the least first preferences or exceeding votes for a candidate that has already reached the quorum are redistributed to other candidates according to the

second preference of the voters, and that as many times as necessary to distribute all the seats of the constituency.

¹⁰ This method is already applied in the Netherlands for national elections.

¹¹ On EP elections see: Wood, & Wood, 1979; Wood, 1984; Reif, 1984; Mackie, & Craig, 1985; Lodge, 1986; Wood, 1989; Mackie, 1990; Lodge, 1990; Morgan, 1994; Perrineau, & Ysmal, 1995; Lodge, 1996; Grunberg, Perrineau, & Ysmal, 2000.

¹² This is the occasion to underline that national parliaments underwent serious institutional changes since the establishment of the EP, for example with the establishment of the Fifth Republic in France in 1958, the switch to uni-cameralism in Sweden and Denmark and evidently the democratic constitutions in Greece, Spain and Portugal in the 1970s.

¹³ For a comparative account of national relations between parliamentarians and the people they represent, see Bogdanor, 1985.

¹⁴ When doing interviews with MEPs in Brussels in 1993-1994 I found it difficult to reach French MEPs because they were very rarely in Brussels. By contrast, some Dutch MEPs had moved their primary residence to Brussels.

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SUSTAINABLE NEIGHBOURHOOD REHABILITATION IN EUROPE

From simple toolbox to multilateral learning

1. INTRODUCTION: A SIMILAR CHALLENGE FOR EUROPEAN HOUSING COMPANIES¹

At the beginning of the third millennium, housing companies face a huge challenge. Throughout Europe there are approximately 80,000 post 1945 estates encompassing a total of 56 million dwellings (Eriksson & Dekker, 2000). A substantial amount of these areas suffer from similar problems. There is an increasing tendency for 'mainstream' residents to turn away from mono-functional 'dormitories,' which often consist of low comfort small flats and inflexible structures. As a consequence, many of these neighbourhoods are increasingly characterised by over-ageing, social segregation, unemployment and, commonly in its wake, vandalism and alienation. This eventually leads to high vacancy rates and a reduced value of the property (European Commission, 1996). It is mostly up to the housing companies to fight these problems within their countries' political frameworks and to act in a sustainable way.

Housing companies can no longer rely on their traditional responses to problems with their stock, i.e. renovation and improved maintenance, but have had to develop new comprehensive, holistic approaches (Priemus & Dieleman, 2002). The new approaches have to account for some groundbreaking changes in the position of the housing companies. The increasingly competitive and international housing market forces the companies to operate in a more cost effective and efficient way. In most countries, the role of housing companies has changed within the national housing policy and new public management concepts have also affected their position (Van der Heijden, 2002). They are no longer 'spending agencies' that implement housing policies on a tight market, but have become 'companies' operating in competition in a housing and real estate market, often with the special provision of 'market oriented social providers'. This competitive climate also affects the relationship between housing companies and their tenants. Tenants should be viewed as customers whose needs and aspirations have to be met. Consequently, there should be a bilateral partnership granting tenants influence in decisions, which are of their concern.

For housing companies, it is difficult to live up to these new expectations. They have to act beyond their present experiences, routines, skills and capacities and learn

how to address these challenges. The oncoming demographic changes, due to ageing and shrinking populations in many parts of Europe will lead to a further tightening 'field' for the industry in which it will have to learn or, in many cases, perish.

In this turbulent climate, ten housing companies from seven countries² in Europe decided to improve their chances as innovative service-providers in a changing environment. Supported by thirteen leading research institutes and many other consultants and subsidised by the European Commission³, they wanted to exchange experiences and improve the methods for 'sustainable rehabilitation', a term covering physical renovation and the socio-economic renewal of the neighbourhoods and social relations.

The prime aim of the European project is to compose a toolbox, a box of potential transplants, consisting of action-oriented tools and methods⁴ that can be used to sustainably rehabilitate the 13,000 apartments in the pilot projects for this project selected by the housing companies. The tools and methods range from management tools, i.e. strategic portfolio management and feasibility analysis, to tools stimulating resident participation, i.e. in the maintenance of their estates, such as a web-based monitoring system helping tenants and the companies to evaluate energy, water, and waste reduction measures implemented in rehabilitation projects. One underlying idea of the project is that, through the jointly developed toolbox, housing companies will be encouraged to learn from each others knowledge and experiences and to establish a learning environment as a new factor of action between competition and cooperation.

The European project began in 2000 after a preparatory phase starting in 1998 building up the trust and a joint culture of communication, necessary for a learning environment among more than one hundred cooperating partners. Transfer being one central focus of the project, the exchange of methods and tools proved to be more complicated than anticipated. A simple replication of methods and tools turned out to be problematic for two reasons. First, it was difficult to identify the relevant methods and tools used in neighbourhood rehabilitation processes, i.e. technology, finance, communication, collaboration, and their potential benefit to other housing companies, especially since many of the methods and tools were still under development. Second, the context dependency of tools and methods developed by a specific housing company had to be understood. The complex 'cultural embedding' made transfer difficult. Housing companies systematically had to learn about the specific factors that made things work 'at home' and to understand factors that might inhibit success in other companies' environments. A learning process, in which the transplant and the receiving institutional system are adapted, is thus an essential part of transplantation (Dalum, Johnson, & Lundvall, 1992).

In short, over the first four years of the project and its preparation, the creation of a toolbox of potential transplants evolved into a process of multilateral learning, which will be explored in the following sections. Section 2 explores the concept of multilateral learning. In sections 3, 4 and 5 we look at how the housing companies in the Netherlands, France and Germany succeeded in multilateral learning. The multilateral learning experiences are described from the point of view of each of those housing companies. However, the multilateral learning processes can also

include lessons from housing companies in the project, whose learning experiences are not explicitly described in this chapter. An important reason for the selection of the three housing companies described in this chapter is that they have comparable perceptions of the holistic way in which they want to address the problems in their estates and they pay special attention to socio-economic issues. A second, more practical reason is that the authors have the deepest insight into these cases having carried out institutional research at these companies, although the findings are not inconsistent with the other cases in the project. Section 6 presents the conclusions. What do these cases tell us about multilateral learning and what can we do to increase the chances for success?

2. MULTILATERAL LEARNING IN THEORY

Learning theory started with rather simple assumptions deriving partly from experiments using animals during the early 20th century and was oriented towards learning by individuals. From its original focus, learning theory has developed a deep insight into learning as a process between avoiding negative consequences and more pro-active forms of learning to improve ones position in a complex and constantly changing environment. A great deal of the movement away from the concept of individual and mono-directional 'improvement' as the background to learning towards multilateral learning has to do with the changes in the societal perception of modernity (Matthiesen & Reutter, 2002). Whereas for nearly one century, the ideas of learning were centred on the relations between individuals, as actors, and their environment, the concepts have now turned to the observation of relations between individuals in a highly complex and culturally coded interaction with an environment, which underlies the same complexity. Consequently, the ideas of learning have changed their focus from the individual to groups and organisations and often to the questions of change and improvement of actors embedded in milieus that are themselves embedded in milieus (Giddens, 1998; Healy, 1997).

Thus, organisational learning (Paetzold & Lang, 1999) is concerned with the complicated subject of managing change within organisations. In an increasingly complex and dynamic world, in which organisations play a vital role, organisational learning is therefore a subject in many fields of interest, such as policy analysis (e.g., Sabatier, 1987), technological change (Johnson, 1992) and organisation and management (e.g., Argyris & Schön, 1978; Doz, 1996). Although these research areas all have their own focus and claims, they are comparable to a certain extent. They all distinguish between various categories of learning. *Intensity of learning* is concerned with the impact of learning processes and focuses on the conditions under which learning can lead to fundamental changes, such as radical innovations or policy changes and how these differ from conditions which merely lead to superficial modifications, such as incremental innovations or changes in policy instruments, even when radical change should be on the agenda. The *subject of the learning* is focused on the lessons learned; i.e. is the subject the content of the problem at hand, such as the cause-and-effect relationships constituting the problem and the methods used to address the problem, or is the subject the social

environment, such as interactions, communication and strategies? *Learning capacity* deals with the extent to which an organisation is able to, and capable of learning. When dealing with interorganisational learning capacities, Lundvall (1993) introduces the concepts of *communicative learning* and *technical learning*. Communicative learning points to the need for a common language, a common code, which is tacit and specific to the organisations concerned. Technical learning exists when interaction, for example, in our case between the housing companies, induces an understanding of reciprocal needs. Communicative and technical learning are needed to create a common selection environment for learning experiences (cf. De Jong, 1999). It is under this heading that the barriers and opportunities for organisational learning are identified. Factors that can provide an incentive or disincentive to learning are found in institutions, such as routines, standard operating procedures, the organisational culture, and the human resources of an organisation.

Especially the capacity to learn is crucial in multilateral learning and worth further exploration. Cohen and Levinthal (1990) refer to learning capacity as the absorptive capacity of an organisation. The concept of knowledge absorption has to do with the ability of organisations, in this case the housing companies, to develop competencies to exploit external knowledge. Institutions play an important role in this process. As information is culturally processed, that is selected, arranged and perceived through intra and inter-institutional arrangements (Johnson, 1992), and personal interaction, as important culturally coded vehicles for learning, institutional structures and arrangements should play a vital part in the promotion, generation and storage of ideas appropriate to the problem.

At the same time these institutional structures function as a selection mechanism for new ideas: ideas should be compatible with the existing practices (De Jong, 1999) and at the same time open new perspectives. This touches upon the reflexive relationship between institutions and learning. Learning processes have to be organised in an institutional context, but these same institutions stimulate or block learning processes (Van der Knaap, 1997). This notion becomes even more important if learning takes place between organisations from different countries as, in our case, the methods and tools of the housing companies were embedded in different socio-cultural, economic and legal situations, which vary from country to country.

The work of Rose (1993) on lesson drawing, as the formulation of lessons based on policy experiences in other places and at other times (Rosem, 1993, p. 21), focuses on factors that can either stimulate or block multilateral learning. Although Rose's work is concerned with policy programmes for action, the essence of his work is to a certain extent applicable to lesson drawing in the particular case of housing management. Rose states that a lesson takes the form of a programme specifying the cause-and-effect mechanisms by which government actions are expected to produce specific policy outcomes. In the European project, the lessons concerned methods and tools, which are used to specify the cause-and-effect mechanisms by which housing companies are expected to produce specific sustainability outcomes in rehabilitation projects. In this chapter, the lesson drawing and the exchange of these lessons is referred to as a process of multilateral learning, which can be seen as an essential step towards the envisaged transplantation of

methods and tools for sustainable neighbourhood rehabilitation (Hassink & Lagendijk, 2001). Rose distinguishes the following elements in the policy process that affect the fungibility of programmes: the uniqueness of the programme, the institutions and resources needed to deliver the programme, the complexity of the programme, the scale of change resulting from the adoption of a programme, the impact of interdependence with other programmes, and the congruity between the values of the policy makers and the programme's values (Rose, 1993, pp. 118-142). Table 1 presents the factors that influence lesson drawing in the European project, analogous to the factors named by Rose.

In the following sections we will analyse the multilateral learning experiences of three housing companies in the European project. This analysis is ex-ante as of now, these companies in the Netherlands, France and Germany have only been engaged in the multilateral learning process for the relatively short period of four years and the project will continue for two years more. Nevertheless, the analysis is worthwhile. It provides a deeper understanding of the opportunities and limits of such multilateral learning processes between implementation-oriented and often hybrid organisations within Europe. For the European project and the three cases, it is interesting to see which factors are especially of influence on multilateral learning.

The three case studies are based on a review of the reports and decisions taken, on interviews with key participants in the pilot projects, i.e. the managing director of the housing company and the project managers, and on the observations of the authors, who in different capacities are actively participating in the project.

3. MULTILATERAL LEARNING IN THE NETHERLANDS

3.1 Characteristics of the Dutch housing company

The Dutch housing company that is participating in the European project is located in a medium sized town in the western, most densely populated part of the Netherlands. The housing company is small in comparison to the French and German housing companies, owning approximately 9,000 dwellings, which are all located in the same town. At the central office, the housing company employs about 100 people. The fifteen caretakers of the Dutch housing company have offices in their neighbourhoods.

The organisation and management of the Dutch housing company has been influenced by the quasi privatisation of the Dutch social housing sector in the 1990s, in which structural government subsidies were stopped and the housing companies became financially independent, but remained responsible for public tasks like the provision of affordable housing for low-income groups and for contributing to the liveability of the environment (Boelhouwer, 2002). In combination with changing market conditions, the housing sector was forced to turn its attention towards the rehabilitation and renewal of the existing urban landscape, while its knowledge and expertise were based on the development of new estates. To survive, housing companies had to innovate and to get rid of old, bureaucratic traditions.

*Table 1: Factors for success or failure of multilateral learning
(based on Rose, 1993, pp. 118-142)*

Similarity of the problem	Is the problem addressed by the method or tool similar to the problem for which the method or tool is designed? Problems, which seem similar at first sight, might have different causes, requiring different methods or tools. E.g. an apartment can be unoccupied due to its small size, its low comfort, a bad image of the neighbourhood or a lack of demand in the housing market, and each cause can be addressed using different methods and tools.
Institutional requirements	Does the method or tool require certain institutions? E.g. one of the opportunities for housing companies to generate finances for sustainable rehabilitation projects is to sell parts of their housing stock, but in some European countries law forbids this.
Resource requirements	Does the method or tool assume certain resources, such as skills, knowledge, computers, software, and monitoring systems? A sophisticated, web-based monitoring tool for the environmental performance of a flat, for example, assumes the availability of certain data, and accessibility of the information for the relevant departments of the housing company and tenants.
Complexity	Is the method or tool based on simple or complex cause-and-effect relationships? The more complex the cause-and-effect relationships on which the method or tool is based, the more difficult it is to implement in an organisation, since it will most likely require the collaboration of many departments in the organisation to address the different causes and effects.
Scale of change	Does the use of the method or tool result in small, incremental or large-scale changes? Total quality management systems for example usually require large-scale changes throughout the entire organisation and the implementation of such a tool will at least take five years.
Interdependencies	Does the method or tool assume other methods and tools on which it is dependent? A tool used for portfolio management for example assumes the availability of monitoring data on the characteristics of the tenants, the stock, the neighbourhood, etc., and methods like feasibility and market analyses.
Values of the managers	Are the methods and tools consistent with the values of the managers of the housing company? The management of a housing company tends to choose to transfer those methods and tools which are in line with its own values, i.e. housing companies with a top-down management style are not likely to implement methods and tools from Scandinavia, in which tenants are granted significant influence, and even have a place on the company board.

To fulfil its new role, the Dutch housing company in the European project merged with two other, smaller housing companies in its municipality, it hired highly qualified staff and it started up a limited company to develop and exploit knowledge for real estate management. The housing company also developed a strategic management approach to organise and manage the organisation and its assets.

In 1993, based on the strategic management approach, the housing company presented a programme for action to rehabilitate the most problematic buildings in its stock, one by one, and to reposition them on the market. In 1998, as part of the programme for action, the housing company started the first preparations of the rehabilitation of four flats and their direct surroundings. In this project, which served as a pilot project for the European project, the housing company aimed for an integrated, holistic approach to urban renewal, with attention paid to the technical and physical upgrading of the buildings and apartments, and to socio-economic, environmental and spatial issues.

3.2 The European project as a multilateral learning experience

In the preparation stage of the European project, in which several meetings between housing companies and researchers from European countries took place, the Dutch housing company realised that the most interesting method that it had to offer to the others was its strategic management approach. In return, they could learn from the other partners in the project in the field of tenant participation and ecological measures. Besides these direct benefits, the board also considered the participation in the project to be a valuable experience for its employees and in line with the innovative image of the housing company.

The strategic management approach developed by the Dutch addresses the various management activities of a housing company, ranging from portfolio management to the maintenance of the stock, and includes tools to support the various management decisions, such as feasibility analysis, risk assessment and maintenance models. This approach helped them to organise and manage their housing company and their stock from a market point of view. The Dutch housing company considered a robust organisation and a robust portfolio to be preconditions for sustainability goals and this is why they wanted to transplant their strategic management approach to the other housing companies within the European project. Tools that contribute directly to sustainability, like those for tenant participation or measures to save water and energy use, could be fitted within this strategic management approach.

The exchange of the strategic management approach proved to be more difficult than expected. The other housing companies did not understand why they should need this management approach when the goals of the project were concerned with sustainability and tenant participation, and they felt that they differed too much from the Dutch housing company to be able to use the method. Communicative and technical learning was needed on all sides.

The Dutch housing company had to learn to communicate their approach in such a way that it showed the relevance and importance of this method for sustainable rehabilitation to the other housing companies. In its efforts to do this, the housing company came to realise that the approach had been developed gradually and that it was tailored to their own situation. Even for other Dutch housing companies, in cities nearby, the approach turned out to be too context specific to be of direct use. The Dutch housing company thus had to learn to present its method in a more

generic way, taking into account the specific needs of the other housing companies. It had to be able to show the other housing companies how this approach could help them with the specific problems they encountered in sustainable rehabilitation projects.

The other housing companies in the European project had to learn that the European project could also offer methods and tools which were of indirect use to sustainable rehabilitation, as was the case for the Dutch strategic management approach, and that the solution to their problems in sustainable rehabilitation projects could also be of a managerial nature, in addition to tools that offered straightforward contributions to sustainability, like monitoring instruments and energy saving measures.

3.3 An interim appraisal of the lessons learned

This multilateral learning process took some time, in which the Dutch housing company came to understand how the strategic management approach could be coupled more directly to the sustainability goals in the project, and some of the tools for environmental assessment and tenant participation developed by other housing companies within the European project became part of the Dutch company's strategic management approach, while the other housing companies gained a better understanding of how the organisation and management of a housing company could provide favourable conditions for the implementation of sustainable rehabilitation tools. After three years, five of the seven housing companies in the project started to prepare the implementation of parts of the strategic management approach in their organisations.

The housing companies involved in the learning process had overcome the institutional and situational differences between their countries, their housing companies and the problems they wanted to address in their pilot projects: differences which at the start of the project were considered to be crucial barriers to the transplantation of the approach. The European housing companies interested in the approach also learned to understand how the approach could contribute indirectly to sustainable rehabilitation, while the Dutch housing company came to understand how they could link their approach more directly to sustainability goals.

The values of the managers turned out to be a crucial factor for interest in the strategic management approach expressed by the housing companies. The implementation of the approach, because of its implications for the entire organisation, required commitment from the top management level. But even with this commitment, the approach turned out to be too complex for many organisations to be introduced at once. The approach assumed many organisational requirements, such as highly qualified staff, a customer oriented culture, and certain feedback loops within the organisation. Many of the European housing companies did not meet these requirements and it was unrealistic to expect that the organisations could manage to make all these changes during the European project. The modular character of the strategic management approach now turned out to be helpful. In bilateral and multilateral meetings, the housing companies discovered what parts of

the approach could be implemented in their organisations without too much disruption.

The lessons learned by the Dutch housing company were to a large extent directly related to the strategic management approach, but they also considered their participation to be a valuable experience in other respects. Especially the absorptive capacity of the housing company benefited from the project. Many of the employees participated in the project and in the several multilateral working groups in which knowledge was exchanged. Employees from throughout the company thus learned to reflect on their activities, which made them realise their strong points, but experiences in other housing companies also showed them points on which they could improve themselves.

4. MULTILATERAL LEARNING IN FRANCE

4.1 Characteristics of the French housing company

The French housing company participating in the European project is a privately owned housing company which was founded in 1965. Its geographic area of activity covers the Parisian region and Normandy. Twenty per cent of the employees work at the headquarter located in the suburbs of Paris. Among the 350 employees who work in the estates, there are about 200 caretakers. Most of its estates were built during the 1960s and the 1970s and have already benefited from a first rehabilitation programme, which was launched after the oil crisis and focused mainly on energy saving. Like most of its French competitors, the housing company has just discovered the concept of sustainable building.

During the last five years, the French housing company has undergone at least two major changes. First, to enhance the performance and the growth of the housing company, the management team has encouraged external growth through horizontal integration. In 2000, the housing company took over two companies. Consequently, its housing stock grew from 25,000 to about 40,000 dwellings. This policy goes along with an exchange of assets with other housing companies. It is aimed at strengthening its location in some municipalities to improve relations with local authorities and to reduce structural costs. Second, in correspondence with its neighbourhood policy, the company has set up a new, decentralised organisation with seven estates. This evolution helped the housing company to switch from a technical approach towards a professional services attitude, thus strengthening the role of the local management of the estates.

4.2 The European project as a multilateral learning experience

The French housing company participated in the project to learn from its European partners in three fields. First, it wanted to improve the involvement of its tenants. Second, it wanted to ameliorate its strategic management approach by segmenting

its market and its stock into different product-market combinations, and third, it intended to develop a new approach towards mid- and long-term maintenance.

The improvement of the involvement of the tenants

Before the European project, the French housing company successfully tried to integrate the expectations of its tenants and management, marketing and maintenance factors in the project design. It wanted to continue this success by learning from the Danish housing company, which had considerable experience with tenants participation. In this country, tenants are entitled to influence the budget, physical renewal plans and collective rules regulating the life in an estate. From the Danes lessons could be drawn about the organisation and management of participatory decision-making processes, in which the tenants have the ultimate decision-making power. Another incentive to learn on this issue of tenant participation was provided by new legislation, which stipulated that tenants should participate in the management of the local estates.

In the past, the French housing company had taken several decisions, which might be of great importance in the successful implementation of Danish experiences. Training programmes had made the caretakers sensitive to the role of the tenants; the housing company had never tried to replace caretakers by technical systems, such as an entryphone or videophone, and had not contracted out their daily tasks in their estates; and the recently adopted organisational structure of the housing company had favoured daily relations between tenants and employees.

After a first meeting between the managers from the housing companies, the French housing company arranged financial support for the improvement of tenant participation. It decided to dedicate one Euro per dwelling per year to the running of the tenants associations, and tenants representatives will receive the same amount of money for training on matters such as the management and the financial governance of a housing company. The Danish lessons and the new legislation thus resulted in a decision which was rather innovative and groundbreaking for a French housing company, one which went beyond its legal obligation.

The amelioration of the strategic management approach

The managers of the French housing company also wanted to improve their strategic management approach. Their goal was to gather data, which were scattered over several departments, finance, marketing, data system, etc., and over different estates to visualise at a glance all the criteria necessary for the management of a housing company. Thus, they expressed great interest in the Dutch approach (see section 3), which created a link between the housing stock and the requirements of current and future customers.

However, the use of this approach would require strong adaptations by the French housing company. Some fundamental organisational differences between the Dutch and the French housing companies prevented a direct transfer of the Dutch lessons. The Dutch company was a centralised organisation, and its management

methods were not in line with the decentralised organisational structure of its French partner, which had only recently strengthened the power of its local managers.

Although there was a strong barrier for the implementation of the Dutch approach, the French housing company saw some important benefits from the Dutch approach: it would force the housing company to formalise its methods and procedures which had remained tacit and this would facilitate and stimulate employees to share the information needed for the strategic management of the housing stock. A learning environment was created to learn from the Dutch approach and to adapt it to the French organisation. To support this, a steering committee, controlled by the vice general manager, and a project team, composed of four executives from the marketing (two persons), maintenance and financial departments and two local managers, were created. The involvement of the executives from all the functional departments was aimed at stimulating the diffusion of the new approach inside the housing company.

The development of a new approach towards mid- and long-term maintenance

In the past, mid- and long-term maintenance had been a source of misunderstanding between managers in the French housing company. The maintenance manager, who operated on a central level, relied on technical criteria to plan long-term maintenance, while the managers of the estates carried out the repairs needed by the tenants. The latter argued that the decisions taken by the maintenance manager were based on technical criteria and led to dissatisfaction on behalf of the tenants.

The technical failure of its software package dedicated to long-term maintenance also illustrates the difficulties of the housing company in this field. To solve this problem, the general manager asked the maintenance department to buy a new software package.

Since the organisation of its maintenance proved to be a great effort, the French housing company has not been able to fulfil its intentions to learn from the other housing companies in the field of mid- and long-term maintenance. It first needs to solve some of its internal problems.

4.3 An interim appraisal of the lessons learned

Unlike the Dutch case, where the management of the housing company was at the start of the project especially interested in transferring knowledge to other housing companies, the managers of the French housing company were more interested in learning from the others. The French managers saw the Dutch approach to strategic management and the Danish approach to tenants participation as complementary, i.e. they both contributed to the profitability of the housing company, which was highly valued by the management. But other factors also contributed to learning. In the case of the Danish lessons, the existing resources, like trained employees and a decentralised organisational structure, and the newly introduced institutional requirement, that tenants should be granted influence in the management of their estates, provided extra incentives to learn from the Danish housing company. In the

case of the transfer of the Dutch strategic management approach, the organisational differences turned out too great to implement the approach directly. The establishment of a small knowledge exchange team by the managers of the European project created opportunities for technical and communicative learning among housing companies. It is helping the French housing company to get acquainted with the Dutch method and to find ways to modify the approach to its own needs.

The case of maintenance, however, shows that it is not always possible to overcome barriers to learning. Internal problems prevented the French housing company from finding a way to learn from other housing companies in this field.

5. MULTILATERAL LEARNING IN GERMANY

The case of the former East German housing company is somewhat different than the other cases. After two years, it decided to stop its participation in the European project. Nevertheless, this case is interesting to analyse, since it will tell us more about the challenges for multilateral learning.

5.1 Characteristics of the German housing company

The German housing company is active in a peripheral district towards the northeast of Berlin. The district has 230,000 inhabitants, of whom about 60% live in a large and mono-functional panel estate of approximately 60,000 flats, with an adjacent underused former industrial area, a landscape park and a middle class small-homes area, predominantly built up during the 1930s and after 1990. The company owned approximately 36,000 flats in 1990, of which some 5,000 were later sold.

After re-unification, the company was re-founded in 1991. It is legally a private limited company, which is fully owned by the city-state of Berlin, which is represented on the board of trustees together with the local district. Following the former simplicity of the state-socialist situation, the present situation is characterised by a high inconsistency of economic and political targets and an insecure market, which poses a new and challenging demand for the company's staff regarding management, customer related front office and engineering.

As a learning experiment, the European project should be viewed as an attempt to continue the learning processes in the German housing company resulting from re-unification. During the early 1990s, adapting to western legal and financial standards and environment meant an outstanding learning effort for all. Almost everything from bookkeeping to management and a first understanding of the tenants as customers was challenging. More than a third of the workforce had to leave the over-staffed firm. West-East Berlin 'learning teams' were established on a temporary basis, leading to 'radical immersion'. However, many in the lower echelons were able to avoid training and to continue in the old manner, which led to increasing customer frustration, which became one reason for tenants to leave.

5.2 The European project as a multilateral learning experience

The company's top management saw the dangers of the company's self-exclusion from learning and introduced the idea of a special learning and knowledge-gathering project in international cooperation. An ambitious, though at that time, seemingly feasible project for the rehabilitation of a group of 11 and 21 storey high-rise buildings was earmarked as a 'flagship' project of ecologically and technologically renovation, economically highly viable and customer oriented.

The project was understood to be a 'learning-field' for developing internal expertise, such as project management, market and property assessment, and innovative customer oriented solutions, and relation oriented expertise, such as collaboration management with contractors, personal customer relation skills, publicity and marketing. The international co-operation within the seven-country consortium of housing companies and research institutes was hoped to provide consultancy and knowledge, about innovative solutions, that the company would find difficult to acquire otherwise. Most importantly, the project was understood to be an incentive to confront the company with 'other' experiences in contrast to its own routines.

Multilateral learning was planned to take place on different levels, middle management and project contractors were included directly within the international project, possibly underestimating the language barriers as most of the former eastern staff did not speak English and thus were reluctant to face this further challenge on top of the everyday workload: an objective inhibition to learning. Top management expected to benefit from the international expertise of cooperating personally 'on an equal footing' and to help the company adapt to the expected changes in the market environment.

Even though the managerial capacity of the company increased through the project and staff on the middle management level especially were successfully included and later stated that they benefited greatly from the project, the overall inclusion of the company in the learning event failed to a large extent. The reasons were in part external. The shareholders ordered the company to quit the project after the collapse of the Berlin housing market at the end of the 1990s, but learning theory based reasons may be involved.

Resource requirements The argument of overcharging the actors abilities

All levels of the company had been under tight pressure to leap from a bureaucratic 'non learning' situation to flexibility and openness. This had produced stress. Closing off to the outside prevailed whereas openness to other experiences and inventiveness should have been on the agenda. Especially bureaucrats on the middle management level from both the former west and east, started to resist especially the international element, which was thought to expose the company to criticism. Thus, the main 'carriers' of the learning experience had difficulty taking up their role of transfer and the project's learning capacity, experienced especially in the interactions with the Dutch and the Swedish company, was not extended. Yet those technical and project management oriented experts taking part in the international

face to face events of the international project were dedicated fighters for the success of the project and claimed that international experience had led to a leap forward in their knowledge and thought about alternatives to routines.

An inherent problem may have been the overstretched work-force which early on led to a great deal of outsourcing of the international project's activities. Thus, the opportunities for multilateral learning within the company were reduced as the distance between the actors and the learning event rose to a degree that could barely be bridged.

Resource requirements: The lack of experience of working with 'toolboxes' and the lack of open training

A systematic adaptation of complex toolboxes may be overtaxing for a company and the individual actors, if the firm is in a constant need of 'rapid reaction' to policy and environmental change. Whereas highly structured management systems might implant strategic backbones into chaotic situations, the usual manner of tackling crisis remains single issue muddling through. The inward looking closing off from threats can lead even deeper into preventing learning experiences. But the main prerequisites for open access to change are training in an experimental environment such as the international project provided.

The lack of similarity of the problem

As learning needs a balance between a stimulating dissonance between the present situation and a 'vision', the ability to imagine change is a core element of individual and organisational learning. In eastern Germany on the whole, a perception of the singularity of the transformation experiences prevails. A majority of the staff are of the opinion that foreign experiences will not be transferable and thus, in fact, they prevented transfer. Yet, the high acclaim that the international project received from those who were personally included in the face to face relations and the measurable impact that some adopted tools had, especially asset-evaluation and customer relations, lead to the assumption that the reluctance to 'open up' is rooted in the overall difficulties of the German transformation process and could be fruitfully overcome by including a wider part of the workforce into the international learning process.

5.3 An interim appraisal of the lessons learned

The process of more than two years of inclusion into the preparation and practice of the international project has not been without success in the eastern German company. On many levels, the company has benefited from the project in small learning steps directly deriving from the international cooperation. Especially the development of the tools leads to a reflexive process about the company's personal potentials and the benefit to be drawn from new partnerships. Overall, even though the pilot project and the European project had to be abandoned, the awareness for

the importance of customer relations was increased and an innovative asset-value strategy was developed together with the Swedish and Dutch partners. On the level of other housing companies, the effects of the international project are felt as requests for further information and consultancy relating to the international project are aired from other eastern German housing companies and cities. Environmental change in the housing sector in combination with weak support at government level for the company's courageous effort caused the German housing company to withdraw from the project.

One other learning result from the international project should be stressed. The failure of the German project made the other partners aware of the impact of economic and demographic developments in Europe, and this has become commonplace for all the participating housing companies.

6. CONCLUSIONS

Multilateral learning is an important step in a process towards institutional transplantation, especially when the transplants are still under development and highly embedded in institutional surroundings. This chapter shows the struggles of housing companies with such a multilateral learning process, a process which should lead to the creation of a toolbox with methods and tools for sustainable neighbourhood rehabilitation, transplants, which should be directly transferable to housing companies in Europe.

The case studies in this chapter have shown us how three housing companies attempted to learn from others about sustainable neighbourhood rehabilitation in an international setting. One of the most important lessons learned from these cases is that multilateral learning is an intricate process. Multilateral learning requires a lot from organisations and their staff. They have to be able to look beyond their own routines and experiences, to reflect upon them and they should be willing to question and to change them. For some organisations, especially for those organisations operating in a highly politicised environment, like the German housing company, these might prove to be barriers, which are difficult to overcome. The staff could not imagine how the lessons of other housing companies from other countries could be applicable to their situation. And if so, they feared that the lessons would lead to criticism of their organisation and put their jobs on the line. However, changing external conditions caused the German housing company to leave the project before lessons from it could be institutionalised within the company. For the French housing company, internal problems led to a weak involvement of the maintenance department in the knowledge exchange team on this issue that had been established within the European project.

If we look to some of the multilateral learning experiences that were successful, we see that the success is owed to an intensive, rather long period of technical and communicative learning. These learning processes were needed to open up the organisations to each others experiences, to create a learning environment, including a common language and a profound understanding of each others institutional peculiarities, organisational cultures, and organisational needs and challenges.

Resources, especially human resources, are in all three cases an important factor facilitating multilateral learning. They contribute to the absorptive or learning capacity of an organisation, and they are crucial in the processes in which the learning environment is created, the technical and communicative learning.

The actual transfer of lessons, in the European project the exchange of methods and tools, has been influenced by the seven factors outlined by Rose and adopted for this work by us. The seven factors, which are similarity of the problem, institutional requirements, resources requirements, complexity, scale of change, interdependencies and values of the managers, are to a certain extent interdependent.

The values of the managers, however, seem to be of wider importance than the other factors. A positive and stimulating attitude from the managers towards the multilateral learning process is constantly needed to create a willingness to learn throughout the organisation. Especially in local, operational organisations such as housing companies, without this commitment, the employees will question the use of such international research-like activities, when their daily work is concentrated on performing operational tasks in their direct surroundings.

While Rose's factors are more concerned with intra-organisational conditions for multilateral learning, there is another factor worth mentioning which influenced the continuation of the learning processes in the European project: the organisation and management of the project. As it concerned a ten million Euro project, a strong organisation has been set up to account for the carrying out of the project proposal. A steering committee, a scientific committee, thematic work packages, knowledge exchange teams, frequent meeting schedules, and the obligation to report twice a year to the European Commission and to external parties in international conferences and seminars, provided a constant pressure for multilateral learning by the housing companies. The project organisation thus served as a vehicle and incentive for technical and communicative learning, processes, which are essential for the creation of a multilateral learning environment.

NOTES

¹ In the European project, the authors are involved in the workpackage on the exchange of tools for housing companies for the organisation and management of sustainable neighbourhood rehabilitation

² Denmark, England, Finland, France, Germany, the Netherlands and Sweden.

³ The project took place as the Sureuro project, an acronym for Sustainable Refurbishment in Europe, and is part of the programme 'The City of Tomorrow' of The Fifth Framework Programme for Research and Development of the European Commission.

⁴ The participants in the project have different definitions of a tool and a method, and speak therefore of 'tools and methods'.

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PART V
CONCLUSIONS

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DRAWING LESSONS ABOUT LESSON DRAWING

What the case reports tell us about institutional transplantation

1. INTRODUCTION

Institutional transplantation always involves a conscious attempt to alter existing institutions and replace or complement them with new institutions (the transplants) borrowed from another country or another context. In Chapter 2 of this book, we contended that there were two main perspectives on institutions. In the first, they are seen as the historical result of a long evolutionary process. In the second, they are seen as a social construct. Consequently, the first perspective tends to see institutional transplantation as a dangerous attempt to alter the likely and natural evolution of existing institutions, while the second may overrate the promise of policy transfer.

As argued in Chapter 3, in the present phase of globalisation, the assumed worldwide shift of institutions across family groupings and in the direction of higher levels of hybridity seems to have weakened the accuracy of the first perspective, but this is not to imply that has totally lost its relevance in approaching the assessment of transplants. Indeed, in the evolutionary view it is assumed that a transplant, if really needed, should only be considered if it somehow fits the host context. This can be called the 'goodness of fit' argument. This goodness of fit is hard to assess precisely, but generally an easy shortcut is to compare host and donor society. Doing so, societies sharing the same characteristics are expected to be compatible and allow for institutional transplantation, while unexpected results or even rejection are more likely in dissimilar societies. This approach has undeniable legal and cultural appeal, but is not without its problems. Apart from difficulties linked to the selection of relevant characteristics and the classification of countries into meaningful families of nations, the main danger of this perspective is to neglect the processes of adaptation and implementation. Paradoxically, these processes sometimes run into even more severe problems between similar societies when small but significant differences are completely overlooked than when dissimilarities are obvious. In this publication, the chapters on Greek local administration, Spanish retail planning and the London Underground painfully testify how like-to-like transplantation can lead astray. Also, some like-to-unlike transplantations turned out to be beneficial for the host, because lack of resemblance was recognised from the very beginning of the

transfer process. The case of Finnish road maintenance and spatial planning in Flanders have amply demonstrated this.

As an alternative assessment of institutional transplantation, we proposed the 'actors pulling in' argument in which practical and administrative ad hoc considerations are deemed more important than issues of congruence. Instead of focusing on the transplant itself, it centres around the transplantation process and on how the actors involved in the host country make the institutions their own and give them a place in their new environment. The limitations to an extreme 'anything goes' interpretation of this argument are also obvious. In spite of this, we acknowledge the importance of the bricolage view of institutional transplantation and its attractiveness to deal with institutional diversity across the globe. After all, it is the actors in the host's institutional system that frame and reframe alien concepts and procedures which are brought in.

In this concluding chapter, all six propositions presented in Chapter 2, three derived from the 'goodness of fit' and three from the 'actors pulling in' perspectives, are reconsidered in light of the evidence given in the previous empirical chapters. This evidence is presented in an overview table where all the case studies are broken down on indicators reflective of these propositions. The case on the secondary education in Eastern Germany is divided up into two cases, the Berlin case and the Saxony case, which require separate treatment. The systematised information in the table will be of help when reconsidering the propositions. Firstly, in section 2 the overview table with some general remarks is given, after which the evidence is interpreted with the aid of the propositions. Some lessons on the dos and don'ts of lesson drawing are given in section 3. Finally, in section 4, a future research agenda is suggested, in which a synthesis of evolution and bricolage is attempted. Processes of mutation, replication and selection as seen in modern evolutionary theory have a vital role to play here.

2. A BREAKDOWN OF THE CASES

In order to compare the case reports in this book and learn some lessons for constructive policy transfer, the authors distinguish six indicators, each of which reflects a proposition (see chapter 2). The cases have been scored on each of these six indicators. These indicators are:

Imposition versus Adoption, in which imposition implies that the transplant is imposed by a colonial power or international organisation, while adoption implies that one decides to adopt a foreign models by one's own volition,

'Xeroxing' versus Adaptation, in which Xeroxing refers to the trial to create an exact copy of the original as best as one can, sometimes with the help of the involvement of people taken from the donor country. Adaptation refers to the inclination of involved actors in the host country to deal flexibly with the model and reframe it to fit local circumstances and desires,

Single Model versus Multiple Models, in which a single model implies drawing from one clearly identifiable model in existence in another country, as opposed to drawing eclectically from a more loosely defined model or even multiple models,

Table 1: Breakdown of the cases with indicators of institutional transplantation¹

Case	Imposed?	Xeroxed?	1 Clear Model?	Like-to-Like?	Concrete Procedures?	System upheaval or performance crisis?
Greek Local Administration	No	Yes	Yes (France)	Yes ²	Yes	No
Dutch Infrastructure Planning	Yes (strong local support)	Yes (donor involved)	Yes (France)	No ³	Yes	Yes
Spanish Retail Planning	No	Yes	Yes (France)	Yes	Yes	No
Berlin Secondary Education	Yes (top down)	Yes (donor involved)	Yes (West Berlin)	Yes ⁴	Yes	Yes
Saxony Secondary Education	Yes (bottom up)	No	Loosely defined	Yes ⁵	Yes	Yes
Netherlands Antilles Constitution	Yes (top down)	Yes (donor involved)	Yes (Netherlands)	No	Yes	No
New Zealand Privatisation	No	No	Loosely defined	Yes	No	Yes
Moscow Urban Development	No	No	Loosely defined	No	No	Yes
Taiwan Privatisation	No	No	Loosely defined	No	No	No
Indonesian Higher Education	Yes (strong local support)	No	Loosely defined	No	No	Yes
London Public Transport	No	Yes (donor involved) ⁶	Yes (New York)	Yes	Yes	No
European Parliamentary Institutions	No	No	Multiple models	No ⁷	Yes	No
Finnish Road Maintenance	No	No	Initially yes (Sweden) later no	Initially yes, later no	No	Yes
Flemish Spatial Planning	No	No	Multiple models	No	No	Yes
European Sustainable Refurbishment	No	No	Multiple models	No	No	No

Endogamy versus Exogamy, in which endogamy refers to drawing from a country supposedly belonging to the same family group or having at least very similar legal and cultural characteristics (like-to-like transplantation). Exogamy refers to drawing lessons from a country with very different characteristics (like-to-unlike),

Concrete Procedures versus Guiding Principles in which the first implies copying the specific legal framework and procedures from the model while the second refers to adopting just its more abstract policy ideas, ideologies or lessons within rather loose judicial constraints, and

System Upheaval and/or Performance versus Protracted Sense of Policy Dissatisfaction, in which the first refers to transplants attempted in period of national emergency, urgency, system upheaval, nation building or national financial performance crisis and the second to transplants introduced outside such dramatic periods.

In Table 1, we have tried to reduce the complexity of the case reports to these six indicators. In order to do justice to that complexity, some extra information was occasionally added in a footnote to explain our coding, as by definition simplification is unavoidable in such a procedure. In section 3 six propositions are reconsidered with the help of the information above.

3. THE SIX PROPOSITIONS REVIEWED

3.1 The three propositions based on the 'actors pulling in' perspective

Three of the six propositions first presented in Chapter 2 were based on the 'actors pulling in' perspective. For the sake of convenience they are repeated here, after which they are reconsidered based on the classification of the case reports according to the first three indicators in Table 1.

Proposition 1: Imposition of a transplant by an external force makes the transplantation process less easy than voluntary adoption by domestic actors

Interestingly enough, three out of the five cases (Dutch infrastructure planning, Saxony secondary education and Indonesia higher education) of what one could view as imposed transplantation (either by a colonising power or by international organisation) show moderate to high levels of support by actors, whereas at least some of the cases of voluntary policy transfer (Greek local administration, Spanish retail planning and London Underground) show relatively high levels of domestic resistance or non-compliance. Our evidence shows that proposition 1 cannot be accepted. The reason for this, however, becomes evident when looking at the conditions under which the Dutch, Saxon and Indonesian transplantations took place. In stark contrast with the other two, less fortunate, examples of imposition (Netherlands Antilles constitution and Berlin secondary education), there were a number of important actors within the host country in favour of fundamental change. Before the change of power, they represented a shadow power outside the key power positions. However, after the power balance shifted, they took over those positions as well as the initiative in the political or policy-making process and afforded to persevere in their pursuits.

The presence of an outside force (be it Napoleon's brother, Bavarian and Baden-Württemberg administrators or the IMF and no matter how it came to have such an influential position in the host country) actually made the long-intended paradigm shift possible and allowed these actors to realise their goals. In that sense, the phenomenon of 'bottom up imposition' can be likened to how Sabatier, & Jenkins-Smith (1993) describe in what way shifts in policy paradigms come about. Conflicting perspectives or visions with diverging assumptions on man and society have been combating each other for a longer period of time. Yet at a certain point, the underlying parties get the opportunity to grasp the crucial political and administrative positions and push through their rival policy paradigm.

In the Netherlands Antilles and Berlin cases, the top-down imposition by the outside force, which no longer is shadow, creates more resistance and puts its potential allies on the defensive. There, even the local champions of change feel neglected, become more passive and fail to operate as a strategic ally in pushing through change. In the less successful cases of voluntary transplantation (Greece, Spain and London), important domestic actors strive for a policy change, but do not consult and agree with other local or national actors sufficiently. As a consequence, these actors remain adamantly opposed and either actively sabotage or passively resist the wished-for transformation.

We are tempted to conclude that the fact of whether a transplant is imposed from the outside or not, is not important here. Rather how domestic champions are approached, is. From a multi-level interpretation of the policy networks literature, this is not that surprising after all. It simply points to the importance of building strong and loyal coalitions for one's reform enterprise, across all governmental tiers.

Proposition 2 Xeroxing makes the transplantation process less easy than 'bricolage', i.e. the adaptation to local circumstances.

This proposition has only gained credibility after consideration of the empirical evidence from our case reports. Indeed, all cases of Xeroxing (Greek local administration, Spanish retail planning, Berlin secondary education, Netherlands Antilles constitution and London Underground), except one (Netherlands infrastructure planning) show problematical acceptance in one way or another. The Dutch case is exceptional in the sense that the French model already had strong supporters from the start. Moreover, as the case report has shown, the implementation of the French model was initially done by the pro-French unitarists, then by the benevolent Louis Napoleon and only ultimately by his Imperial Highness Napoleon himself.

Of the examples of adaptive uses of the model, none show the same level of difficulty in being adopted and implemented. One may at times dispute the desirability of the policy outcomes these models generated in their host countries (New Zealand privatisation, Moscow urban development, Taiwan privatisation). Yet evaluating that desirability is a complicated effort and dependent on which actor's view one adopts. Therefore, it remains beyond the scope of this book.

Proposition 3: Considering only one definite model makes the transplantation process less easy than considering a more loosely defined model or even multiple models.

This proposition has gained plausibility after reviewing our case reports thoroughly. Loosely defined models, or even lesson drawing from different models at the same time, provide domestic actors more leeway to make combinations that fit their desires and circumstances. In addition, this variation is an asset when it comes to negotiations between proponents and opponents. Loosely defined and multiple models are more versatile and their variable nature turned out effective in nearly all the respective cases. Meanwhile, following one particular model was widely accepted only in the case of the Netherlands infrastructure planning. Conversely, while Greek local administration, Spanish retail planning, Berlin secondary education, the Netherlands Antilles constitution and London Underground were already mentioned previously for their high rates of resistance and/or low levels of compliance by certain domestic actors. The Finnish road maintenance case is a special one here, in the sense that though one model seemed dominant in the beginning, the domestic actors were pragmatic enough not to copy their exemplar blindly. They avoided weaknesses recognised in it and looked around for other models to alleviate these problems.

3.2 The three propositions based on the 'goodness of fit' perspective

The other propositions presented in Chapter 2 were based on the 'bricolage' argument.

Proposition 4: Similarities between host and donor facilitate the transplantation process, compared to differences. In other words, like-to-unlike transplantations (i.e. cross-family transplantation) are more problematical than like-to-like transplantations.

The evidence presented in the table does not only make this claim unlikely, it would almost indicate the opposite. The Spain retail planning and London Underground cases can be considered straightforward examples of like-to-like transplantation if seen from an angle of families of nations. Both appeared problematical in terms of adoption, quite possibly because subtle institutional differences (federalism and the position of local government in Spain, the power of central government and its unshakeable administrative philosophy in Britain) were grossly underestimated. Whether transplanting French local government legislation to Greece is like-to-like can be a point of dispute, but here the same syndrome as in Spain pops up. Repeated efforts to impose stern national legislation hardly impress resilient local practices. The Finnish road maintenance case, which in the beginning is certainly like-to-like, does not show these features, most probably because preparedness for possible complications is high. Whether both of the German cases can be seen as like-to-like is also open to debate, but here acceptance could go either way. In the case of

Berlin, resistance was comparatively strong, because explicit Xeroxing was attempted, while in the case of Saxony the freer approach led to higher local satisfaction. Here, the like-to-like element did not seem decisive either. The New Zealand privatisation was certainly an example of like-to-like transplantation and familiarity. Affinity with Anglo-Saxon values may have played a role here. Just as in the case studies on like-to-like transplantation within the group of Anglo-Saxon countries in Dolowitz (1999), it appears that some go right and others go wrong. Still, it seems that the vital explanation for success and or failure lies elsewhere.

Conversely, various cases of like-to-unlike transfer went fairly smoothly, of which the cases of the Netherlands infrastructure planning, Moscow urban development, Taiwan privatisation to some extent, Indonesian higher education, the European Parliament, Flanders spatial planning and the European sustainable refurbishment bear witness. Only the Netherlands Antilles point in the opposite direction. Apparently, the donor and host are sometimes legally and/or culturally so far apart, that the likely problems resulting from insensitive adoption are very hard to overlook. Interestingly, the outcomes in these cases are often downplayed away by the donor countries as leading to financial irresponsibility, institutional inertia and nepotism. However, many in the adopting country applaud the achievements for fitting into their local environment. If Western standards are achieved, as in the Berlin secondary education case, intense involvement is frequently experienced as pedantry and imperialism. The heuristic parallel with democracy in India is striking here. The Indians never would want to do away with their British imposed constitution, however imperfect Westerners may feel it works. Should Westerners, especially British, dare to tell the Indians how to run a democracy properly, they would be heartily resented.

These findings suggest that congruence needs to be redefined. Instead of the (in)congruence between host and donor countries belonging or not to the same family of nations, it is more important to focus on the (in)congruence between the institutional transplant and the institutional context in which these elements are transplanted. A more finely-tuned way of assessing such 'goodness of fit' could be grounded on the Cultural Theory that originates in the grid group analysis developed by the British anthropologist Mary Douglas and many others (Douglas, 1970, 1978, 1987, 1992; Douglas, & Wildavsky, 1982; Wildavsky, 1987; Thompson, Ellis, & Wildavsky, 1990; Thompson & Schwarz, 1990; to name a few seminal works). Cultural Theory aims at analysing the diversity of human preferences through a limited number of cultures, ways of life or solidarities. The theory posits that only four cultures are viable: social interaction and cultural bias reinforce each other. They offer different ways to do things, to organise, to perceive problems and their causes, put the blame on something or someone, and act to solve difficulties.

Cultural Theory is seen as a promising tool for institutional analysis. It is increasingly applied in social science, especially public policy (Mamadouh, 1999), to disclose cultural biases behind organisations and policies, and failures linked to cultural incongruence between a policy and its institutional context (Wildavsky, 1987; Coyle & Ellis, 1994; Ellis & Thompson, 1997; Thompson, Grendstad & Selle, 1999; Hendriks, 1999), especially regarding risk and environmental issues (Douglas & Wildavsky, 1982; Douglas, 1992; Hoppe & Peterse, 1994; Rayner & Malone,

1998; Tansey & O'Riordan, 1999) but also on management styles (Hood, 1998), leadership styles (Wildavsky, 1984; Grendstad, 1995) as well as cheating styles (Mars, 1982).

Using this typology can help explain policy failures by revealing incongruences between cultural bias and social relations (a phenomenon labelled 'surprise' by Thompson et al. 1990 to explain social change, as when cultural bias can't make sense of the context, actors tend to adjust by adopting a new cultural bias or reforming the context). Regarding institutional transplantation, Cultural Theory could be useful to reveal discrepancies between cultural bias that characterises a transplant and the one that matches the context in which it is transplanted. The institutional consequences of technological transfer have long been overlooked. Dealing with water resources in Nepal, Gyawali (2001) shows for example how the transfer of large-scale hydro technology requires large-scale, hierarchic institutions, consequently adopting Western technology necessitates more social change than the Nepalese elite anticipated. Cultural Theory assumes cultural plurality in any society (i.e., the presence of each cultural bias) and therefore its assessment of 'goodness of fit' is different from the conventional wisdom about cultural differences.

Proposition 5: The generic character of a transplant facilitates the transplantation process. In other words, specific legal frameworks or procedures are more problematical to adopt than just more general and abstract policy lessons, ideas and ideologies.

There effectively seems to be a strong connection between the copying of a particular concrete model or legislative framework or set of procedures and the likelihood of its being adopted. Generally speaking, all cases of adoption of a stipulated set of rules can be classified as either relatively ineffective (Greek local administration, Spanish retail planning, Berlin secondary education, Netherlands Antilles constitution and London Underground) or having been imposed from the outside (Netherlands infrastructure planning and Saxony secondary education). The only exception here is the case of the European Parliament where both procedural and other ideas were taken from the national to the supranational level.

When specific procedures of the model are set as an example, all efforts are invested in transforming one's own legal framework or policy model to be exactly the same as that of the donor. The debate on the underlying ideas and ideologies tends to fade to the back. Conversely, when actors in the host country concentrate their efforts on debating the central and general features and conceptions of the model, actual legal or other implementation can take place according to national traditions and following the political tide and opportunities. Then, they do not create as much of a shock in the legal and cultural systems (be they at the constitutional, policy or operational levels), but can be reformulated and recombined more smoothly to fit domestic value patterns and legal practice. In most cases where just lessons, ideas or ideologies are transferred, the transplants acquire a particular local colouring by local interpretation that makes it more 'their own' and less suspicious (New Zealand privatisation, Moscow urban development, Taiwan privatisation, Indonesian higher education, Finnish road maintenance, Flanders spatial planning

and European sustainable refurbishment). Once again, opinions may diverge on the question whether these transplants were desirable in the eyes of their donors, but that is not the issue here.

Exporters and importers of legal frameworks are often members of the group of civil law systems where government and administration are often approached from a legal angle and where policy change is supposed to be initiated through transformation of the legal framework. Exporters and importers of lessons, ideologies and ideas, often have Common Law systems where legal and judicial change is seen as the tailpiece of policy change instead of its key part. Countries importing Anglo-Saxon style policies (New Zealand privatisation, Moscow urban development, Taiwan privatisation and Indonesian higher education) all focus on the ideological or ideational aspect of the policy in its country of origin and not the way it was legally framed. This legal framing is often done following indigenous legal and cultural practices, which gives domestic actors more degrees of freedom in what form they want to adopt the transplant. This aspect of reframing according to needs is even more prevalent in the multilateral cases (European Parliamentary institutions, Finnish road maintenance, Flemish spatial planning and European sustainable refurbishment) where policy borrowing is even more amorphous and less legally inclined. The cases of the European Parliament and sustainable refurbishment are somewhat special in this regard, because here also actors from various countries interact.

Proposition 6 Special periods of regime transformation characterised by a sense of emergency and urgency (e.g. system upheaval, nation building or national financial performance crisis) create policy windows and critical junctures that facilitate the transplantation process, compared to periods of stability.

What makes for historical uniqueness, acute performance crisis or national system upheaval is relatively hard to define. As a consequence, a sense of urgency is difficult to pinpoint in the various case reports. The actors involved in the Greek local administration, Spanish retail planning, Netherlands Antilles constitution, Taiwan privatisation, London Underground, European Parliament and European housing refurbishment cases may have perceived their circumstances as dramatic. The other cases differ fundamentally from these because severe shocks occurred nationally in terms of serious economic or financial crisis or a totally changed political and/or constitutional situation. In the first series by contrast, the performance crisis was, if at all present, generally protracted and at the level of the policy area only.

When looking at the question of whether opportunity spaces or policy windows occurred as a result of these severe system shake-ups, critical junctures definitely happened. The Netherlands became a unitary state with great opportunities for infrastructure planning and water management. These opportunities are much less likely to be realised now than then. The German cases both show enormous transformation of the way children are educated. The social face of New Zealand forever changed. Moscow almost seems to have become the heart of savage capitalism with a not so human face. Indonesian higher education will be much more

output driven than ever before. The Finnish national public responsibilities in road maintenance have declined almost as rapidly as the Dutch grew two centuries ago. Finally, the Flemish undertake all kinds of activities apart from the Belgian federation, including independent spatial planning which hopefully will be less of a farce than the legalistic Belgian approach used to be.

In all of the other cases, change was also forthcoming, but attempts were protracted and not extremely influential (Greek local administration, Spanish retail planning and the European Parliament), met with generally mediocre enthusiasm (Netherlands Antilles constitution), went slowly (Taiwan privatisation), simply failed (London Underground) or were overall helpful but not very pervasive (European sustainable refurbishment). We would therefore certainly want to contend that system upheaval or severe performance crisis at the national level are a comparatively more fertile breeding ground for pervasive change than other occasions. These moments of upheaval may at times be stemming from or instigated by foreign powers. Not always though, as Westney's review of Japan's Meiji restoration (1987) and some descriptions in this book unambiguously demonstrate. Reformers do best when they are prepared for oncoming windows of opportunity and save their energies to act at such moments.

4. WHERE HISTORICAL EVOLUTION AND ACTOR BRICOLAGE MEET: A RESEARCH AGENDA

The results given above do not justify any choice in favour of either 'actors pulling in' or 'goodness of fit'. Both are valuable and their appropriate use depends on the level of analysis and time scale prevalent in the study at hand. If one adopts historical or macro-social perspective, different theoretical choices spring to mind that are different than if one is seeking instrumental options for improving domestic policies or if one focuses primarily at interactions within policy networks. Offe (1996) comes closest to linking them up with each other when he shows that for 'Post Wall' Eastern Europe, design mimicking Western templates as such is not possible, because crucial aspects of 'civic culture' have been torn out by thorough and intense suppression or have at least insufficiently developed over the years. He really has a keen eye for what troubled or energetic actors in policy networks aim to achieve. Yet, this all takes place in a wider environment and wider time frame where institutions must evolve. Compatibility between deeply ingrained traditions and practices make the implementation of Western-style institutions very hard, but not necessarily inherently impossible. Compatibility is limited, but not absent. Domestic actors in Eastern European countries work hard to figure out if these meritorious policy concepts and institutions can be made useful in their own context and need all their creativity to make them viable. Pressure from the European Union is a mixed blessing in this regard. It is resented for blackmailing them into compliance, but also a strategic asset in the hands of reformers to defend drastic change if not a critical juncture. It is at such moments of path-dependency that historical evolution and actor bricolage are most visibly linked.

Political and conceptual institutions have emerged through the passage of time and an external designer is bound to lack the knowledge and other instruments of power that are needed to overhaul these deeply entrenched structures. Hayek (1949), for example, categorically rejects suggestions of hierarchical structuring, not only because he considers them unfeasible but also because he finds the evolutionary existence of a 'spontaneous economic order' preferable as a norm. Unstructured spontaneous action leads to the strongest mobilisation of new knowledge and the most desirable form of institutional renewal (Hayek, 1949; Vanberg, 1994). The players know themselves what is good for them and cannot allow their initiatives to get bogged down by extensive regulation. In this context, institutional design is seen as pure blasphemy. Nonetheless, this polarisation of design and evolution may actually be attributable to a misunderstanding. Both the public and the private sectors regularly undergo programmes of reorganisation. They often set up long-term joint ventures and projects and take decisions on mutual relationships and the distribution of ownership. Realistically, they cannot even live with the uncertainty emanating from total spontaneity, so they actually look for anchors when making choices.

Changes that have developed in institutional systems over a long period of time can be explained if we place them against a backcloth of evolution. There is no place in these systems for direct intervention by designers. Evolution comes across as an uncontrollable process offering few openings for explicit proposals for institutional adaptation. However, in everyday reality, these openings are definitely experienced by the actors as a real need. If one zooms into a shorter timespan, one can suddenly encounter a completely different scenario of players purposively changing the rules of the game, in order to increase the number of options (Tsebelis, 1990, pp. 7-8).

Tsebelis also uses the term institutional design to describe this practice of manipulation. In other words, he does not see institutional design as, by definition, an approach involving a designer who independently draws up a plan with the aim of its implementation. It is rather a tug-of-war in which the players try to manipulate the rules to their own advantage in order to acquire greater discretion and more say. These practices do not of course preclude input from 'designers' proposing foreign transplants. It is very rare to see a whole system be overhauled and redesigned. Usually, various bits and pieces are decomposed and recomposed in ramshackle ways. Or they will adopt a partial approach in which one or two changes will be proposed and substantiated statements can be made as to their effects. Even when entire institutional systems are discredited to such a vast degree that something totally new is needed, designers still have to draw on the socio-cultural capital and players in existence.

Bricolage and evolution are not real opposites. Though institutional complexes have gradually evolved, players also deliberately manipulate rules of the game and conceptual frameworks along the way.

4.1 *Universal optima and local optima*

The institutional structure at any fixed point in time has been reached by following a set route punctuated with specific moments in which choices had to be made. Paths are followed and turns taken, which define the structure of these moments and may be instrumental in shaping possible future developments. This trend is generally referred to as *path dependence* (Arthur, 1994). Decisions at one point in time can restrict future possibilities by sending policy off onto particular tracks, along which ideas and interests develop and strategies are adapted. Though institutional systems often develop one step at a time, fundamental changes still take place now and then. It is as if a crossroads is reached and a choice has to be taken between two or more paths leading in different directions. Venturing down one of these paths triggers an irreversible process. Usually, these decisions turn out later to have been crucial in the further development of the system. The decisions establish 'lock-ins' or emerge afterwards as 'critical junctures'. Alternative routes are ruled out from that moment on and vanish from the scene.

The most convenient way of assessing the position of an institutional system and its prospects is to compare it with similar institutions in other countries that owe their existence to their own evolutionary process (though conceptual and institutional exchanges between the two may already have occurred in the past). Although remarkable similarities may emerge between the institutional systems, redesigns must unequivocally focus on each of their specific trajectories, in order to prevent a system crisis when new elements are introduced. Institutional systems can take lessons from one another on how to steer developments in particular directions, but introducing the institutions of one system into another does not automatically guarantee identical effects. It takes time for the results of reform to become visible, because the players have to adjust to the new structure and due to the reciprocal influence of the *Fremdkörper*. The various host elements can affect the structure and process in ways not evident in the donor system. The alien element must be viewed in the light of the institutional complex in which it will operate – a complex that has followed a different path-dependent route from that of the donor system. It is not always possible to estimate how players will respond to new, borrowed institutions as their functions will acquire meaning only when they become embedded in the total institutional complex. Elites or policy entrepreneurs can attempt *à la Rose* to make comprehensive and rational estimates of the consequences the institutional changes could bring about. Eventual consequences of institutional reforms can be assessed by such 'designers' only if they consider both the specifics and characteristics of the path-dependent structure as well as the assumed preferences, conceptions of each of the relevant actors and policy instruments they bring to bear in favour or against their initiative.

The goodness of fit argument may overrate the importance of legal, political and cultural incompatibilities. They exist, no doubt, but do not preclude all transplantation and can be reframed in such a way that compatibility is achieved. The pulling in argument may overrate actors' rationality and information processing capacity, in the sense that reform desires eclipse awareness that they are indeed giving in to siren calls. Not all *bricolage* evolving from actors' conceptual and

institutional push and shove is bound to become a success, even if most of them sincerely believe this. In addition, individual players are flexible and adapt their strategies as soon as institutions have been changed. Their individual rationality may go to the detriment of the fungibility of the full institutional structure. Dolowitz (1999) and O' Neill (1999) demonstrate, for instance, how dominant groups of British actors come to agree on adopting an American transplant. Once it is in place, it is either misused for other purposes (budget-cuts) and service quality deteriorates, or it does not fit in with philosophies underlying the wider institutional structures, making administrative burdens only more cumbersome. Bennett (1991) shows how British politicians and bureaucrats experienced bureaucratic openness to citizen's claim to information as costly. Furthermore, they considered American and Canadian exemplars as 'negative lessons', whereas once this bureaucratic resistance in the US, Canada and Australia had been overcome, increased satisfaction across the board was the result. Thus, the most a designer can do is make a rational estimate of the consequences, which the institutional changes could bring about.

Although institutional transplants could improve the performance of a system, any kind of 'universal optimum' is still out of reach. After all, one crucial effect of path-dependence upon institutional systems is that each 'optimum' is a local optimum applying only to that specific system. Independent evolutionary processes have made it impossible to compare the departure points of different institutional complexes. The work of the institutional designer is geared to the realisation of an optimum among the various possible equilibria for a specific path-dependent system. Taking into account that the opposition between historical evolution and bricolage is false and 'local optima' should be searched for instead of 'universal best practices', what fascinating research prospects can be formulated?

4.2 Recombination, replication, selection and retention: Towards local optima

Critics in the past could raise questions about the desirability of transplants physically imposed by or taken from hegemonies for lack of compatibility or productivity in the host system. Nowadays, hegemony has the more subtle psychological shape of 'best practices' acquired in processes of international benchmarking by supranational, intergovernmental and other international actors in multilateral forums. In those environments, universal optima are suggested, almost like siren calls, while local optima are in fact the most achievable objective. As has already been evidenced by Rose (1993), Dolowitz (1999) and Jacoby (2000) and in various places earlier in this book, difference between voluntary and involuntary transplantation is much slighter than seems on paper.

In multi-level institutional environments, which have an ever-larger part to play in national policy-making, concepts, ideas and policy solutions are communicated within international epistemic communities (Haas, 1992) and then spread from the international to the national and from the national to the regional level and back. As the institutional incentives are distinct in each of these environments, recombinations and mutations of those concepts occur because connotations and connected terminologies there differ from where it was replicated. At times, actors

introducing new conceptual frameworks find a willing ear among those at the political helm who have the power and policy instruments to select the new line of thought and put it to action. Such a success is rarely achieved without a struggle against alternative conceptual schemes whose supporters also strive for control of the instruments of power. The occasional change of dominance over conceptual schemes has often been called 'paradigm shift'. This term has a powerful connotation, but it also evokes a feeling of fundamental incompatibility between two or more conceptual schemes. This is deceptive, because conceptual recombinations between parts of different conceptual schemes are always possible, and indeed do occur (Hull, 1988; Hajer, 1995; De Jong, 1999).

This idea of concepts spreading through the international and national policy communities might at face value convey the impression that increased convergence will occur. Convergence as a general direction cannot be ruled out, but results of the recombination, replication, selection and retention mechanisms in various countries will continue to vary. This is due to all of these evolutionary steps in these multi-level games that pass through different institutional environment, where recombination, replication, selection and retention occur. This is then matched with other local conceptual schemes enforced by other constellations of actor power. It is in this manner, that the politics and policy version of 'glocalisation' arises.' Barbara Stuart, an American academic and consultant in land-use planning involved in a policy transfer process to China, experienced at the individual level how essential understanding of cross-cultural differences is to institutional transplantation. Frame 1 reproduces excerpts from an email written during a field visit to Shanghai in August 2002. Her immediate feedback clearly demonstrates the perplexity cross-cultural encounters can bring and its consequences for meaningful transplantation practices.

Frame 1: Drawing lessons on the ground: An Email from Shanghai

(...) We have amassed a considerable amount of research now about Shanghai, about land use and development and about policy transfer but in my judgment, the work we've done before coming is irrelevant. This real life, real world visit to Shanghai, now, has altered all my preconceived notions about what policy transfer, west to east and especially, how our work, could shed light, enhance or make a contribution. (...) All the conclusions I'd drawn before I came, have gone by the wayside. (...)

I came looking for how our "tools" could help, in some scientific way, to explain decision making here and learned very quickly that our tools were good for our class, but meaningless in this context. Each night after dinner and activities, I go back to the room and rip through what I've already written, modifying and changing it based on the meetings of the day. I wrote a lot about cognitive tools in the first two drafts as well as knowledge transfer, implicit and explicit. But the Chinese I'm meeting with and talking to, know how to balance linear and symbolic knowledge, much better than I do. One calligraphy character for thought is heart and mind.

There is a consistent articulation of the formidable task of moving to market while maintaining social stability and support, in every sector where we are meeting. There is no model for China to follow; they abhor the Soviet CFE models of "shock therapy" and so they are innovating, every day. As soon as I want to modify the paper suggesting for example that experts advise policy allowing the freer flow of capital, then the next day the International Herald Tribune here publishes an account of how Soros is ecstatic as the first regulations for freer flow in China are a reality. That was Thursday.

They are using what I am calling a bricolage method of policy transfer. As one Urban Development Department Executive described it, 'including the romance of the French, the practicality of the Germans and the comprehensiveness of Americans' in design and development. They pay their bidders on big projects so that they can learn their Best Practices. Their transportation projects are perceived as models and Best Practices by international researchers. They incorporate international Best Practices, adapting and adjusting for the local context, into their own design. They have a love of learning and so when they make a mistake, they seem to be correcting for it. Quickly. Too much freedom in the real estate market led to tighter controls. The perception that the bureaucracy to get a business license was an obstacle meant a streamlining of the process reducing it to 3-6 weeks vs. three months. They are competing aggressively with Hong Kong and Singapore for global city status and by all accounts, winning.

I thought the lack of investment in infrastructure would be a problem and then learn about the very thoughtful strategic infrastructure building processes.

I thought that displacement would be a huge problem, instead the articles written by prominent Sino researchers (Wu, Zhang, etc) coming out say that the people in general are happy because their standard of living has increased so significantly over the last ten years. Even the farmers. Even the displaced farmers. So, overall goals are being met. 'It doesn't matter whether the cat is black or white, as long as it catches mice.'

I read about the real estate bubble and the Asian Financial Crisis and then see one Pudong Park development with amazing performance and see the annual reports of the Multinationals who are there. As China moves into WTO, more and more internationals will come here, and take over the office and residential space being built. When I asked whether the government was willing to take a share of the risk, one official said 'no, your success depends on the strength of your business plan'. So while we do see buildings completed but not occupied, they are Indonesian or Japanese companies in for the short play. From the opposing view point, one journalist wrote, with a banker like the Central Government offering credit for development, everyone can afford to be Bullish. I'm not sure that the Chinese need to learn anything about FDI (Foreign Direct Investment) from Americans.

I thought the lack of transparency would be a problem, instead I learn about how they are going to land auctions (as various international experts recommended) to replace the negotiated processes of the past. Remember that I started out wanting to explore negotiation with the Chinese regarding land use? They are already past that. Plus, every day I am increasingly hesitant to write about transparency, as an American.

I thought I would look at governance and grassroots democratic processes and found one great case of a successful development, the Chengdu Dam with huge vast participation 'within the local context'. Fabulously successful. I learned that more and more functions are going to the Street Offices and Resident Committees, and for now, these are, as you mentioned, largely administrative rather than democratic processes. But still, it is working.

The problem with assessing policy transfer here is that there appears to me to be such a successful blending or integration, that it is hard for me to discern the adaptation process, where Western ends and Eastern starts. In short, (or far too long you may think), I now believe that WE have a lot to learn from this Shanghai development model. My conclusion would be that policy transfer in Shanghai could have a reciprocal and mutually informing texture for American managers (Remember that I teach MBAs) hoping to do business here. (...).

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NOTES

¹ It is not claimed here that these six indicators are the only factors impacting on the effects and success of a policy transfer. There are many more incidental and organisational aspects coming into play, which are beyond the scope of this book. Moreover, some of the six indicators may even point in opposite directions and it may be unclear which of these has a stronger impact on the outcomes of the transplantation process.

² Greece's case is fairly complicated to classify here, since it is known to be a hybrid. Its general legal system at the constitutional has been classified as Germanic, but its local administration is French-oriented. We have therefore chosen here to designate this case as 'like-to-like'.

³ Before the French introduced their brand new legal system in the Netherlands, it had had a legal system of its own of which some remains can still be found back in South Africa and was a family of its own.

⁴ Though one might argue that cultural values in Eastern Germany had come to shift during the Soviet occupation as compared to those prevalent in Western Germany.

⁵ See note 3.

⁶ Donor involvement here took the form of hiring the CEO for the New York Subway refurbishment, not involvement of the MTA as such.

⁷ Transplanting multiple national institutions by multiple actors to a new still somewhat amorphous entity as the European Parliament can certainly not be considered like-to-like.

⁸ Examples outside of politics and policy such as syncretism in religions (the merging of pagan and Christian or Muslim beliefs into 'hybrid' or 'impure' practices of the faith, not following the 'Book') or creolisation in languages (the merging of languages through change of syntactical and semantic structures leading these be composed of elements of the multiple constituent languages they were composed of)

looms large. Hybrid practices are key in all of these examples and result essentially from the recombination of conceptual and other elements taken from various models into one new whole.

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The theory and practice of
institutional

The Theory and Practice of Institutional Transplantation

Experiences with the Transfer of Policy Institutions

edited by

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This book provides insights into the empirical experiences of countries adopting policy institutions from other countries in order to improve the performance or legitimacy of their own institutional structures. Both students of public and private administration, planning, political science, political geography, and comparative law recognise this issue as of high and increasing relevance. The volume presents a conceptual framework to grasp the potentials and limitations of institutional transplantation and features a collection of characteristic case studies drawn from 14 different countries on the actual process of institutional transplantation. These accounts cover a large variety of institutions including spatial and transport planning, education, housing, welfare, privatisation and political representation. The concluding chapter provides an overview of the advantages and dangers involved in adopting foreign policy institutions and the state of the art of our understanding of policy transfer and lesson-drawing in the context of the relevant academic disciplines.

Audience

The book is aimed at graduate and higher undergraduate students and academics in politics, public policy, public administration, planning and political and cultural geography and professionals in local, regional, national, international and transnational organisations confronted with enticing examples from across the border.

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